

## Save on Fees From Insurers

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Auto, life and homeowner's insurers typically give you the option of paying premiums monthly for a small fee. But it may be worth doing the math to see what those added costs add up to over time for each policy.

### TIP OF THE WEEK

If you don't have the cash flow to pay all your premiums annually, you want to make a smart decision about which payments to spread out.

Consider one potential scenario: A 30-year-old male can either pay an \$500 annual premium for a \$500,000, 30-year term life insurance policy or make 12 monthly \$45 payments for a total cost of \$540, according to AccuQuote, a provider of term life-insurance quotes. Based on AccuQuote's calculator, with the latter he's effectively paying an annual percentage rate of 17.2%—that's higher than the average credit-card interest rate.

Then, his annual premium for auto insurance is about \$1,760—an example for a 30-year-old male with a good driving record and driving a three-year-old automobile, according to personal-finance site Bankrate.com. If he pays in installments, \$149 a month, the total payment is \$1,788—with an APR of 3.4%, according to the AccuQuote calculator.

So, in this case, it could make financial sense to pay the policy with the higher APR in one shot and make monthly payments on the other.

You can use AccuQuote's calculator ([accuquote.com/modal.cfm](http://accuquote.com/modal.cfm)) to figure out your APR.