



# Know Your Insurance

## Auto

Courtesy of RiskSOURCE Clark-Theders

### Factors That Affect Your Car Insurance Premium

If you've ever wondered why your auto insurance premium differs from what your family and friends pay, it's because auto insurance policies are not one-size-fits-all. Factors like your personal driving history, how often you drive and where you live can all affect the cost of your auto policy. Below are some of the main factors that can have an impact on your auto insurance premium.

#### Your Personal Information and Driving History

Personal information such as your age, gender, marital status and whether or not you own a home can all play a part in auto insurance costs:

- **Driving record and credit history**—Your driving record and credit history are two of the biggest factors insurers consider when determining your premium. Safe drivers with good credit tend to pay less on their auto insurance premiums. While any accidents or infractions in your driving history will cause an increase to your premium, the effects of past incidents will gradually decrease over time.
- **Age**—Individuals who are under the age of 25 have a higher risk for accidents and driving infractions than older drivers, which can lead to higher insurance rates.
- **Gender**—Your gender can also be a contributing factor to the cost of your car insurance premium. Statistically, single men under the age of 25 have a greater risk of being involved in accidents and driving infractions than their female counterparts.
- **Marital status**—Being married or owning a home shows a sense of responsibility and stability. This can lead insurers to believe you are more likely to be a cautious driver and not skip any payments, resulting in lower rates on your auto insurance premium.

#### Your Vehicle

There are a few factors about your vehicle that may affect your premium costs:

- **Safety ratings**—Every year, the National Highway Traffic Safety Administration tests and rates new vehicle models on safety performance and crash test safety results. If your vehicle has a below average safety rating, you will most likely have to pay more for your premium.
- **Cost for maintenance and repairs**—Vehicles that are seen as unreliable, or expensive to repair and maintain tend to have higher premium rates.
- **Make and model**—Vehicles that are described as dangerous or luxurious often have higher auto insurance premiums, as they are more susceptible to theft, damage and occupant injury. If your vehicle is at higher risk of vandalism and theft, installing an anti-theft device or tracker can lower your premium. Although it's an initial expense, it could save you more money in the long run.

### Location

Whether you live in an urban or rural area can make a huge difference in your auto insurance costs. Typically, living in more urban areas will cause your premium to increase since locations that are more densely populated tend to have greater instances of theft, vandalism and car crashes.

Where you park or store your vehicle can also affect your premium. Vehicles that are parked in garages are at a lower risk of damage and theft compared to those parked on the street.

### Your Policy

The way you and your broker craft your insurance policy determines your premium costs. The following are policy items that have the greatest impact on the amount you pay:

- Limit: Your policy limit is the max amount that your insurance will pay in the event of a covered incident.
- Deductible: Your deductible is the amount you pay in order for your insurance coverage to kick in to help cover a loss, damage or medical expense.
- Additional coverage: You may decide to add additional coverage to your auto policy that may not be required by your state. With this increase in coverage, there will be a higher premium cost.

### Ways to Save

Being a good student or safe driver, bundling your auto policy with other forms of insurance or simply just having a clean driving record are all ways that you may be able to receive discounts to lower your auto insurance premium. Although every insurance company's discounts vary, most offer those incentives for their customers.

If you have any questions or want a detailed break down of your auto insurance premium, contact RiskSOURCE Clark-Theders.

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