

ABOUT AUTO INSURANCE PREMIUMS

Auto insurance premiums vary by state. They are based on how likely you are to have a loss and how much those losses will cost. The factors below may affect your premiums. For family vehicles, premiums will reflect the characteristics of all licensed drivers in your household. Some states do not allow insurers to consider certain factors.

GENDER

Premiums tend to be higher for males than females. Statistically male drivers tend to be involved in more accidents than female drivers. However, recent increased accident trends for young female drivers suggest the gap may be narrowing.

AGE AND MARITAL STATUS

Generally, premiums decline as young drivers age. However, after 65 years of age, premiums may begin rising again. Also, married drivers usually pay lower premiums than single drivers.

WHERE YOU LIVE

Drivers living in metropolitan areas generally pay more than drivers in rural areas.

TYPE OF VEHICLE YOU DRIVE

Expensive and high-performance vehicles tend to be more costly to insure. The vehicle's likelihood of theft, repair costs and safety record may also affect premiums.

DRIVING RECORD

The better your driving record (avoiding accidents and tickets), the lower your premiums.

FINANCIAL RESPONSIBILITY

Having a lapse in auto insurance coverage or a history of late or missed payments may increase your premiums.



TO LOWER PREMIUM COSTS

- » Discounts may be available to lower your premiums. When comparing insurers, ask about discounts they offer in your state.
- » Ask for higher deductibles. Make sure you have the deductible amount available, if needed.
- » Look for safety features when purchasing a vehicle. Insurers may offer discounts for vehicles equipped with airbags, anti-theft devices and daytime running lights. Vehicle alarms and locator devices may reduce comprehensive coverage costs.
- » Reduce or eliminate collision and comprehensive coverages on older vehicles (as long as reducing or eliminating this coverage would not put you in a tough financial spot if you later need it).
- » Drive safely.
- » Take a state-approved defensive driving or drug and alcohol awareness class.
- » Maintain a good credit rating.

INSURE YOUR VEHICLE

Auto insurance is purchased as a “package” of several coverage types. Each is priced separately and protects you in specific circumstances. Available coverage and minimum requirements vary by state.

Basic Coverage



Bodily Injury Liability (BI)

- » Pays up to coverage limits for an injured individual's accident-related medical expenses, lost wages or pain and suffering, when applicable, if you or the driver of your vehicle are held legally liable.
- » Pays your legal defense costs.
- » Coverage applies when you and your resident family members are driving someone else's vehicle with their permission.
- » All states have minimum liability coverage limits set by state law.
- » Higher coverage limits may be purchased at an additional cost.



Comprehensive

- » Pays up to actual cash value (ACV) unless otherwise stated, for damage to your vehicle from some cause other than collision with another vehicle. ACV is the cost of replacing a destroyed vehicle with a comparable vehicle. Some insurers may offer replacement cost for new vehicles, generally those less than two model years old.
- » Pays for damages caused by fire, vandalism, flooding, hail or collision with an animal.
- » Pays for loss if your vehicle is stolen.
- » Subject to a deductible, which is a specific amount of money you pay before your insurance company begins to pay on a claim.
- » Required by most lenders.



Collision

- » Pays up to actual cash value (ACV) unless otherwise stated, for damage to your vehicle when your vehicle hits or is hit by another vehicle or object (excluding animals). ACV is the cost of replacing a destroyed vehicle with a comparable vehicle. Some insurers may offer replacement cost for new vehicles, generally those less than two model years old.
- » Pays up to ACV to repair collision-related or rollover damages to your vehicle.
- » Subject to a deductible, which is a specific amount of money you pay before your insurance company begins to pay on a claim.
- » Required by most lenders.



Medical Expense

- » This generally pays up to coverage limits for accident-related medical expenses for you and your passengers, regardless of who is legally liable.
- » In some states, this coverage is termed “medical payments.”
- » In states having no-fault laws, which generally restrict the right to sue, this coverage may be called “personal injury protection” (PIP). In addition to medical expenses, PIP may pay for lost wages, as well as personal services such as housekeeping, if you or another covered individual are incapacitated after an accident.



Property Damage (PD) Liability

- » Pays up to coverage limits for another individual's accident-related vehicle or property damages if you or the driver of your vehicle are legally liable.
- » Required in all states. Minimum liability coverage limits vary.



Uninsured Motorist (UM)

- » UM coverage pays up to coverage limits what the uninsured individual's insurance would have paid if the individual had liability coverage. It covers you, your family and your passengers for medical expenses, lost wages, pain and suffering, when applicable, and other injury-related losses.



Underinsured Motorist (UIM)

- » UIM coverage pays up to coverage limits for bodily injury to you, your family and your passengers resulting from the negligence of someone whose liability coverage limits are insufficient to cover your damages resulting from the accident. The coverages for damage caused by an underinsured motorist vary significantly from state to state.



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Optional Coverage



Rental Reimbursement

- » Pays up to a specified amount for rental vehicle charges while your vehicle is being repaired for damages covered by your policy.



Towing And Labor

- » Pays for service at the location of a breakdown or for towing to a repair shop.
- » Generally does not include payment for vehicle repair or costs above and beyond towing.
- » Pays for locksmith and cost of tire-change services. Does not cover the cost of the tire.



Umbrella Liability (a separate policy)

- » Provides an additional \$1 million or more liability coverage beyond your basic liability insurance.
- » Pays after basic liability coverage is exhausted.
- » Applies to auto, homeowners, renters or boat liability coverage. Some insurance companies may require increased limits of basic liability insurance for these underlying policies before issuing an umbrella policy.
- » May provide primary liability coverage for personal injuries such as libel and slander.

Note: Generally, auto insurance does not cover personal possessions that may be stolen from your vehicle. For that, you need property insurance (homeowners or renters policy).