

# Managing Your Insurance Costs:

## *A dinner-time conversation*

Our agency wants you to get the most from your insurance. That means we want to help you keep your insurance costs low while keeping you well covered for the unexpected.

So here is a way to explore how your household can find discounts and other ways to minimize your cost of insurance.

Just pick one evening and gather around the table. Then, perhaps over dinner, read through the following list and discuss the things that influence your insurance rates.

### What influences the cost of auto insurance (varies by state)?

- Age — can't do much about that! But under 20 and over 80 should expect to pay the highest rates.
- At-fault accidents — if you are causing accidents, your costs may go up.
- Coverage lapses — timely payment of premiums helps keep your coverage in place and keep your costs low.
- Prior insurance — people buying insurance for the very first time often pay the highest rates.
- Credit scores — better credit means better rates (in some states).
- Driving experience — the longer you've been a safe driver, the lower your insurance rates will likely be.
- Major violations/suspensions — trouble with traffic laws results in higher costs.
- DUI — if you are convicted of driving under the influence, your insurance rates could rise.

- Homeownership — owning a home or condo can mean lower auto insurance costs.
- Minor violations/speeding tickets — violations indicate higher risk and may increase your costs.
- Coverage limits — higher limits cost more.
- Vehicle type — some vehicles are more expensive to insure because they are costly to repair, risky drivers often drive them, or they lack safety devices.
- Years since most recent occurrence — the longer you've driven since your last accident, the less likely your insurance rates will increase.
- Friends borrowing your car — good for your friends, not so good for you if they have an accident. You will pay and your rates could suffer.
- Deductible amount — higher deductibles lower your premium costs.

### Available discounts for auto insurance (varies by state):

- Accident-free: earn a reduction in certain instances when an accident-free driving record is maintained.
- Good Student: applies if a driver is a full-time student between the ages of 16 – 24 and meets a certain grade point or class ranking requirement.
- Long-term Customer: available if you are insured with Nationwide® for a certain number of years (varies by state).
- Vehicle Restraints: earn a reduction in your medical coverage premium if your vehicle is equipped with air bags.
- Safe Driver: applies in certain instances when violation-free driving record is maintained.

## Managing Insurance Costs

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## What does age have to do with it?

- Under 20 and over 80 should expect to pay the highest rates because these drivers tend to have more accidents.
- Elderly drivers have a higher crash death rate per miles driven than any other group except teens.
- A February 2004 study by the AAA Foundation for Traffic Safety found that the probability of death or injury in car crashes increases with age, as does the likelihood that an older driver will be involved in a left-turn crash, be affected by illness, or suffer from lapses in perception that could contribute to a crash.

## Are you a safe driver?

*(Would the state highway patrol agree? And why is this important?)*

- With Nationwide, you can save up to 10% on your auto premium when an accident-free driving record is maintained.
- Major violations and suspensions — trouble with the law — may result in higher insurance costs.
- If you are caught driving under the influence, your insurance rates could rise.
- Minor violations and speeding tickets indicate higher risk and may increase your insurance costs.

## When was your last auto accident?

*(Was it your fault?)*

- With Nationwide you could receive up to a 10% reduction in certain instances when an accident-free driving record is maintained.
- The longer you've been a safe driver, the lower your insurance rates will likely be.
- At-fault accidents often increase your premium.

## What type of car do you drive?

- Some vehicles are more expensive to insure, because they are more costly to repair, tend to be in more accidents, or tend to incur more vehicle and/or bodily harm to passengers. Vehicles such as sports cars and some SUVs tend to rate lower in terms of crashworthiness and therefore carry higher insurance rates.
- Another important factor is whether or not your vehicle is on the list of those most frequently targeted for theft. Nonprofit organizations such as the National Insurance Crime Bureau (NICB) and the Highway Loss Data Institute (HLDI) track the most commonly stolen vehicles. Basically, cars on these lists will most likely be more expensive to insure. Make sure you check out the insurance costs of a particular vehicle before purchasing it.

## How do claims impact your insurance?

- Filing a claim could increase your premium on certain types of insurance, especially if you're at fault. The reason for this is simple: actuarial evidence indicates that people who have had accidents in the past are more likely to have accidents again in the future.
- You may know that it costs more to repair some cars than others, and more to insure some cars than others. You may not know that this also translates into higher claims payments from your insurance company. What does that mean to you? Higher claims typically lead to higher insurance rates. You may want to research the most and least expensive vehicle models for various types of claims.

## Does it matter how long you've been a Nationwide customer?

- You could qualify for up to a 5% discount if you are insured with Nationwide for three years (varies by state).
- If you are insured with Nationwide for at least five years, you could save even more (varies by state).

## Why does it matter how long you've been insured?

- People buying insurance for the very first time often pay the highest rates because they have not established an insurance track record.
- Coverage lapses may increase your costs.
- Timely payment of premiums helps keep your coverage in place and keep your costs low.

## What does my credit have to do with insurance?

- Credit information is needed to make a complete risk analysis when evaluating an insurance application.
- Higher credit scores could mean better rates (in some states). Statistical analysis shows a direct correlation between your insurance risk score and your likelihood to file a claim. Insurance risk scores evaluate your stability — meaning you pay your bills in a timely fashion and have the same credit accounts for a long time. Keep in mind that your insurance score is not the only factor that determines your premium. Other factors impact what you pay more significantly than your insurance risk score.
- There are a few relatively painless steps that you can take to improve your score. To keep your insurance score high, be sure to pay all of your bills on time and limit the number of credit cards for which you apply and open.

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