



DEPARTMENT OF

**Professional &
Financial Regulation**

STATE OF MAINE

- OFFICE OF SECURITIES
- BUREAU OF INSURANCE
- CONSUMER CREDIT PROTECTION
- BUREAU OF FINANCIAL INSTITUTIONS
- OFFICE OF PROF. AND OCC. REGULATION

10 Things You Should Know About Buying Auto Insurance

1. How is Your Insurance Rate Determined?

Two processes determine what you pay for auto insurance. The first process is underwriting and the second is rating. An insurer underwrites, or assesses, the risk associated with an applicant, then groups the applicant with other similar risks and decides if the company will accept the application. Based on the results of the underwriting process, the insurer rates, or develops a price, based on what the insurer believes it will cost to assume financial responsibility for any claims made under the applicant's policy.

2. Several Factors Go into Rating

Your driving record, the area in which you live, your gender and age, marital status, prior insurance coverage, vehicle use, how much you drive, and the make and model of your vehicle are common factors that affect the price you will pay for your auto insurance. An insurer can also take your credit score into account. (Note, if you've put a freeze on your credit, you should unfreeze it before getting a quote.)

3. Ask Your Agent About Discounts

An insurer might give you a discount if it sees you as a better than average risk. Here are some discounts you should ask about: multiple vehicles, driver education courses, good student, safety devices, anti-theft devices, low mileage, good driver/renewal, auto/home package and dividends. Check with your agent to see if you qualify.

4. Required Insurance

Maine law requires that every vehicle operated on public roads have at least \$50,000/\$100,000 personal injury coverage, \$25,000 property damage coverage, and \$2,000 medical payments coverage. These coverages are liability insurance. They protect anyone injured, or *anyone else's* property that is damaged as a result of a collision determined to be your fault. These coverages are also minimal and will not be enough to cover collisions that are more serious; check with your agent to see how much coverage you should purchase.

5. Check Into Optional Coverage

The most commonly recognized optional coverages (i.e. those not required by law) are collision and comprehensive. Collision coverage pays for physical damage to *your* car resulting from collisions with an object such as a tree or another car. Comprehensive coverage pays for damage to *your* auto from almost all other causes, including fire, severe weather, vandalism, flood and theft. This coverage will also cover broken glass and windshield damage. Other optional coverages include rental reimbursement coverage, and towing and labor coverage.

6. Where to Go for More Information

Information is available to consumers from a number of sources, including the Maine Bureau of Insurance, and reputable online resources, consumer groups and consumer publications.

7. How to choose an agent or company

Ask your neighbors, relatives and friends for recommendations of insurers and agents. In particular, ask them what kind of claims service they have received from the insurers they recommend.

8. For Your Protection

It is illegal for unlicensed agents and insurers to sell insurance. If you buy from an unlicensed agent or insurer, you have no guarantee that you will get the protection you paid for. Check whether the agent or insurer is licensed to do business in Maine by using **Licensee Lookup** at www.maine.gov/insurance/licensee_search.html or by calling the Bureau.

9. Get Several Quotes

When shopping for auto insurance, you should get several premium quotes so that you can compare different insurers' products. When asking for price quotes, make sure that you give the same information to each agent or insurer. You should provide a description of your vehicle, its use, how much you drive it, your driver's license number, information about the other drivers in your household or others who use your vehicle, and the coverages and limits you want.

10. Read Your Policy Carefully

Be aware that an auto insurance policy is a legal contract. It is written so your rights and responsibilities, as well as those of the insurance company, are clearly stated. You should read your policy and make certain you understand what it says. If you have questions about it, ask your insurance agent or insurer to explain it. If you still have questions, call the Bureau for help.



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