



Automobile Insurance

A Shopping Guide
for Consumers



What You Need to Know About Auto Insurance



Whether you are buying auto insurance for the first time, or shopping to be sure you are getting the best deal, you already know how important auto insurance is. The information in this guide is intended to help you understand auto insurance. This information is general in nature. If you have specific questions, please call your insurance agent or company. You may also call the South Carolina Department of Insurance, Office of Consumer Services for additional information.

The information in this guide will help you become an informed shopper. It will also help you understand the coverages you can buy and what information you will need to get a premium estimate or quote. The guide also provides helpful questions that you may ask your agent or insurance company so that you can be sure that you get the coverages you need.

This guide helps answer the following questions:

- What policy should I purchase?
- What are the different types of auto coverages?
- How much liability coverage should I purchase?
- What information will I be asked to provide?
- How do insurers determine auto insurance premiums?
- What should I look for and ask when I comparison shop?
- What is a declaration page?
- What should I know if I am changing insurance companies?
- What is the difference between cancellation and non-renewal?
- What if I cannot find auto insurance?
- Where can I get more information?

What policy should I buy?

Everyone has different insurance needs. When looking for auto insurance coverage, be sure that the policy does the following:

- Provides at least the minimum coverage that South Carolina requires. You do not want to be fined or lose your license because you did not follow the law. In South Carolina, you may legally drive uninsured. However, if you do and you cause an accident, you may be held personally responsible for the losses of the other person involved and any passengers in the car. To drive uninsured in South Carolina, you must pay an annual fee of \$550 to the South Carolina Department of Motor Vehicles.
- Provides enough liability coverage to pay someone else for their property damage, medical care and other costs if there is an accident. Accidents happen, even to the best drivers. You should buy as much liability coverage as you can reasonably afford to protect yourself financially.
- Provides you with enough coverage to pay for your own property damage, medical care and other costs if there is an accident. If you are in an accident, you probably will need insurance to be able to repair your car and pay for your medical care.
- Provides you with coverage you may be required to buy if you have an auto loan or lease. Most of the time, you will be required to carry comprehensive (sometimes called “other than collision”) and collision coverages until you pay off your loan.
- Provides coverage for all members of your household, including students away at school or other adults who live with you. You may have teenagers in your household or others living with you who have bad driving records. Including them on your policy will increase your insurance costs. While it may seem easy to leave them off your auto policy to save money, you may be responsible for any damages or injuries they cause. It is best to insure everyone living in your household who has a driver’s license, not just your immediate family.

Questions you'll be asked about the vehicle(s) the insurance policy will cover:

Type of car(s) to be insured:

Make

Model

Year

VIN number

Odometer reading

Name of lender/and/or owner of car

Questions about how the car is used:

Do you use the car for pleasure only?

Do you use the car to commute to and from work or school? How far one way?

Do you use your car for business purposes?

What is your average annual mileage?

How many times do you drive to work or school?

What Questions Should I Ask?

The insurer will ask you questions and use the answers to decide whether to insure you and how much your premium should be. You also should ask questions to be sure you are getting the coverage you want and from an agent and insurer you trust.

Here is a list of questions you should ask your agent or company representative when you shop for auto insurance:

- What coverages am I required to have in South Carolina?
- What is the minimum amount of liability insurance coverage I can carry?
- Are these liability limits high enough to cover me if I have an accident and I am at fault?
- How much would it cost me to buy more than the minimum amount of liability insurance coverage?
- Do I need collision and comprehensive coverage?
- What deductible should I have for collision coverage? Comprehensive?

What Information Will I Be Asked?

When you shop for auto insurance, you will be asked to provide information about yourself, other household residents including students away at school, as well as your car and how you use it. Below are some of the questions you may be asked. If you do not have all of the information, pull together what you can and an agent or insurance company representative may be able to help you with the rest.

Questions about the people the insurance policy covers:

Principal Driver

- Address, social security number, age or years of driving experience, gender, marital status
- Driver's license number
- Number of accidents in the last three years
- Number of traffic convictions for moving violations
- Principal driver's previous auto insurer and policy number

Other Drivers in Household (may include future drivers)

- Social Security Number, age or years of driving experience, gender, marital status
- Driver's license number
- Number of accidents in the last three years for other drivers living in the household
- Number of traffic convictions for moving violations for other drivers living in the household
- Insurance information for other drivers in your household who will not be covered under your policy.

How Do Insurers Determine Auto Premiums?

The insurer uses each piece of information it gets from and about you to determine whether to insure you and how much you will pay for auto insurance. That is because each is linked to a factor that affects your premium. Some factors are related to the characteristics of the driver(s) and some to the type of car insured. Others are based on the amount of coverage you buy. There also are discounts that will reduce the premium.

Not every insurer uses the same factors. Which factors insurers use to determine premium is different in each state. Below are examples of some of the most common rating factors that insurers use.

Driver Characteristics

General Information about the Driver

Age, years of driving experience, gender and marital status are common factors used to calculate premiums. The insurer will obtain information about your driving record and accident history from a third-party company. Generally, less-experienced younger drivers pay more than experienced, older drivers; females pay less than similar age males; and married people pay less than single people.

Driving Safety Record

You will pay more if you or other drivers insured by your policy have been convicted of speeding or other traffic violations or were responsible for accidents. Insurers get information about traffic convictions from the South Carolina Department of Motor Vehicles and from third-party vendors, such as the Comprehensive Loss Underwriting Exchange database (CLUE) that collect data on insurance claims.

Principal Operator

When there is more than one driver or car in a household, insurers have rules to decide which driver determines the premium for each car. Some insurers calculate the premium based on the driver who uses a car the most. Other insurers may use the highest-risk driver, usually, the youngest driver in the household, as the “principal operator” to determine the premium for a car, even if that younger driver uses the car very little.

Annual Mileage and Vehicle Use

Generally, the more miles you drive each year, the more you will pay for insurance. You will also pay a higher premium if you use your car for business.

Location/Garaging Address of the Insured Vehicle

Your premium will be higher or lower based on the insurer’s claims experience in the ZIP code or territory where you live. For example, urban areas tend to have higher rates than suburban or rural areas.

Education

In South Carolina, insurers may use the highest level of education achieved as a rating factor. In this rating factor, for example, those with a college degree may pay less.

Insurance Credit Score

South Carolina state law allows insurers to use an insurance credit score as a rating factor. An insurance credit score is a number based on various financial, credit and risk factors. Some companies offer discounts to consumers who have higher insurance credit scores.

“Usage-Based” Rating Factors

Some insurers offer “usage-based” programs that use data from an electronic device installed in your car or an app on your smart phone as a component to determine your premiums. These programs collect information about when and how you drive the car. Rates are lower if you drive fewer miles, drive during less dangerous hours of the day and seldom brake hard or swerve. Insurers usually give drivers a small discount just for agreeing to participate in the program. The agent or company representative can give you more information about these programs.



Type of Car

Costs to Repair or Replace

Rates are higher for cars that cost more to repair or replace. Expect higher rates for higher value cars, new cars and cars that often are stolen.

Special Features

Rates are higher for cars with special features such as all-wheel drive transmission and hybrid engines, or for sports cars. Insurers charge less for cars with features such as an alarm system. They also charge less for cars with better passenger protection, such as those with comprehensive restraint systems.

Amount of Coverage

Limits of Liability /Medical Payments/Uninsured Motorist/Underinsured Motorist

Rates are higher for higher limits on these coverages.

Deductibles

Rates are higher for policies with lower deductibles. Consider increasing your deductible to lower your premium.

Rental Reimbursement

Rates are higher for more generous benefits - a larger dollar amount or more days of coverage.

Discounts

Rates are lower if you have more than one policy with the same insurer. If you keep a car insured and have not had a gap in coverage, generally, your rate will be lower. Many companies offer good-student discounts and South Carolina law requires all companies to offer discounts for approved driver training courses for students and adults.

Group Memberships

Rates may be lower if you qualify for a discount as a member of an organization such as an alumni association, a union or another club or a purchasing group.

Summary

The premium you are quoted is based on your answers to the questions that you are asked. Premiums for auto insurance are tailored to each individual and each insurer uses different rating factors. So, it is likely your premium will be very different at each insurer. That is why it is so important to shop

What Should I Look and Ask for When I Comparison Shop?

- Use the chart on the following page to take notes as you are shopping for auto insurance coverage. It is important to compare the same or similar coverage when you shop.
- While price is important, it is not the only factor to consider. Before purchasing a policy, you should contact a number of agents to find the best combination of service and price for your insurance needs.
- Be sure to ask about discounts and what is required to qualify for them.
- Begin shopping at least 45 days before your current policy is up for renewal. Most companies offer advance quote discounts.
- If your policy is cancelled or non-renewed, begin shopping around as soon as you receive the notice from the insurance company.
- Check your credit report and dispute any errors with the credit bureau before you apply for insurance.

Once you have narrowed your search to the companies with the best range of prices, you should consider each company's reputation for financial stability, policy holder service, underwriting practices and claims handling practices. Service is difficult to measure, so ask friends what company they use and visit the SC Department of Insurance website, doi.sc.gov to learn more about a company.

NOTES	Company 1	Company 2	Company 3	Company 4
Liability Coverages				
Note the limits of coverage for each company's quote to be sure you are comparing the same coverage.				
Bodily Injury Liability				
Property Damage Liability				
Uninsured/Underinsured Motorist Coverages				
Note the limits of coverage below for each company's quote to be sure you are comparing the same coverage.				
Uninsured Motorist Bodily Injury				
Uninsured Motorist Property Damage				
Underinsured Motorist Coverage				
Coverages for Medical				
Note the limits of coverage below for each company's quote to be sure you are comparing the same coverage.				
Medical Payments				
Personal Injury Protection				
Excess Medical Payments				
Physical Damage Coverages				
Note the deductible below for each company's quote to be sure you are comparing the same coverage.				
Collision Deductible Amount				
Comprehensive (Other than Collision) Deductible Amount				
Other Optional Coverages				
Note the cost for each type of coverage. Not all coverages below have a coverage limit.				
Rental Reimbursement				
Towing				
GAP Coverage				
Quotes				
Total Annual Premium				
Six-month Premium				
Monthly Premium				

Terminology and Definitions

What are the Different Types of Auto Coverages?

You may be shopping for insurance in person, over the phone or online. Regardless of how you shop, one of the first questions you will be asked is which coverages you are interested in purchasing. **Remember, there is no such thing as “full coverage.”**

Below is a listing of the most often purchased auto insurance coverages and a brief description of what each provides. Each coverage that you purchase is priced separately. Ask your insurance agent or insurer for more information.

Liability Coverages

You are required to buy a minimum amount of liability coverage to pay for damages or injuries you cause to others. In South Carolina, the minimum is 25/50/25 for BI/PD and UM. You are responsible for any property damage or bodily injury you cause above this amount. So, think carefully before purchasing only the minimum.

Bodily Injury Liability Insurance. This coverage applies to injuries that you cause to someone else. You (and anyone else listed on your policy) are covered for your liability for damages and injuries caused in an accident, up to your policy limits.

Property Damage Liability Insurance. This coverage pays for damages you cause to someone else's car or to objects and structures your car hits.

Medical Payments/Personal Injury Protection (PIP)

This is coverage to pay for your medical expenses and lost wages, regardless of who is responsible for the auto accident.

Medical Payments Insurance. This coverage pays to treat injuries to you and your passengers.

Personal Injury Protection (PIP). This coverage pays to treat injuries to you and your passengers, but can also cover such items as lost wages and funeral costs.

Excess Medical Payments. This coverage pays for necessary medical costs greater than those paid under PIP benefits.

Uninsured and Underinsured Motorist Coverages

In South Carolina, you are required to carry uninsured motorists coverage equal to the minimum amounts of liability coverage (25/50/25). Underinsured coverage (UIM) is optional in South Carolina.

Uninsured Motorist Property Damage. This coverage pays for damage to your car if you are hit by a hit and run driver or an uninsured driver who is at fault. You will have a \$200.00 deductible.

Underinsured Motorist Coverage. This coverage pays for your bodily injuries and those of your passengers if you are hit by an underinsured driver who is at fault. “Underinsured” will be defined by your insurance policy.

Property (Physical) Damage Coverages

South Carolina law does not require you to buy physical damage coverages for your car, but your lender may, at least until you pay off your car loan.

Collision. This coverage pays to repair your car. Or if the insurer decides your car is “totaled”, it pays you your car’s actual cash value. This coverage has a deductible, which is the amount of the claim that is your responsibility.

Comprehensive (sometimes called “Other than Collision”). This coverage pays for damage to your car that is NOT from a collision. This usually includes damage caused by fire, theft, vandalism, falling objects, hail, flood or an accident involving a bird or animal. This coverage has a deductible, which is the amount of the claim that is your responsibility.

A Note about Deductibles

If you file a claim with your insurance company for damage to your vehicle, you will have to pay the amount of the deductible to repair your automobile. Keep in mind that you will have to pay this deductible any time you file a claim with your insurance company – even if you are not at fault for the damage.

Other Optional Coverages

You also may be able to choose other optional coverages. Some of the common optional coverages are described below. Ask your insurance company or agent about what coverages you may want or need.

Rental reimbursement pays a limited amount for daily rental car charges while your car is being repaired for covered damages. Policies usually limit the dollar amount and the number of days covered.

In some states rental car coverage would fall under your comprehensive and collision coverage; however, there are variations in how this coverage applies. If you want to know what your auto policy will cover when you rent a car, ask your agent.

Towing coverage (also could be called Roadside Assistance) reimburses you for your costs if your car is disabled. For example, the coverage might pay if you have your car towed to a service facility or you lock your keys in the car.

Guaranteed Asset Protection (GAP) insurance (sometimes called loan/lease coverage or debt cancellation) may help pay off what you owe if you owe more on your car than it is worth. It would provide protection whether the accident is your fault or someone else's. This protection can be purchased from a lender, your car dealer or an insurance company or agent. Contact one of these entities if you want to know more about this coverage.

What Do “My Liability Limits” Mean and How Much Should I Buy?

Liability insurance coverage usually is described in three numbers: 25/50/25, for insurance. These numbers refer to the limits for the different types of liability coverage. These coverage limits are the most your insurance policy will pay for injuries to any one person, all persons injured in an accident and for property damage.

The first number in the example means \$25,000 is the most this policy would pay for bodily injury per person. The second number means \$50,000 is the most this policy would pay for bodily injury per accident, regardless of how many people are injured. The third number means \$25,000 is the most this policy would pay for any property damage you cause in one accident, regardless of the number of cars or other properties damaged.

You should consider buying more coverage than the law requires because accidents happen every day – even to good drivers. If you do not have enough liability coverage, and you are found at fault for an accident, you would be responsible to pay for anything your insurance does not cover. Medical costs and legal costs are very high and increasing every day. If you could not afford to pay these costs out of pocket, then you should buy more than just the minimum liability coverage limits your state law requires. You should purchase the most coverage you can reasonably afford to protect your financial security.

What is a Declarations Page?

A declarations page gives you details about your insurance coverage. Once you receive your insurance policy, the first thing you should read is the declarations page so you can make sure you have the coverage you wanted to purchase. Use this sample declarations page to help you better understand your coverage.

Auto Insurance Policy (Sample)

Your Insurance Company

3535 Second St.
Company Two, USA 54321

Policy Number XX-XXXXXX-XX

Policy period: 6 mos. Effective date: May 1, 2015 Expiration date: Nov. 1, 2015

1

Year	Make	Model	Vehicle ID number (VIN)
2012	Ford	Taurus	2FZPMONR34XB54031
Lienholder			
The Bank 3310 Main St. Company Town, USA 54212			

Coverages	Policy Limits
Liability: Bodily injury	\$100,000 per person \$300,000 per accident
Liability: Property damage	\$100,000 per accident
Uninsured motorist	\$100,000 per person \$300,000 per accident

Deductibles	
Collision	\$500
Comprehensive	\$100

Policy premium	\$640
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Optional Coverage	Limits
Underinsured motorist	\$100,000 per person \$300,000 per accident
Medical payments	\$1,000
Roadside assistance	\$100 per occurrence
Rental car reimbursement	\$30 per day \$1,000 maximum

Discounts applied
Multiple Vehicle
Home/Auto/Life
Mature driver
Claim record/Customer longevity
Air bags/Anti-lock brakes
Premium paid in full

Your policy consists of this page, any endorsements and the policy form. Keep together.

1	Policy Period	4	Optional coverage
2	Limits	5	Total premium
3	Deductible	6	Discounts

What to Do if You Cannot Find Insurance

If you are unable to locate insurance coverage because of your driving record, you are a new driver, or do not have prior insurance, contact the South Carolina Department of Insurance. South Carolina has an insurance program for high-risk drivers who are unable to get coverage. The insurance premiums for high-risk drivers will be higher than the premiums for other drivers.

Other Consumer Resources and Information

For your free annual credit report, go to www.annualcreditreport.com or call 877-322-8228. Check your credit report and dispute any errors with the credit bureau before you apply for insurance.

For your free annual CLUE (Comprehensive Loss Underwriting Exchange) report, go to www.choicetrust.com or call 866-312-8076. A CLUE report includes policy information, such as name, date of birth, policy number, claim information such as date of loss, type of loss and amounts paid, and a description of the automobile covered. Check your CLUE report and dispute any errors before you apply for insurance.

For Additional Information

If you have additional questions or want more information about auto or other types of insurance, you may speak with your insurance agent or representative. They will assist you as you work to purchase coverage and will assist you once you purchase coverage with the claims process if necessary.

You should also visit the insurance companies' websites to see the information they have available. You may also visit The National Association of Insurance Commissioners (NAIC) website at www.naic.org for additional insurance related online resources.

The South Carolina Department of Insurance website, www.doi.sc.gov, offers valuable information about all lines of insurance for consumers. You may also contact the Department's Office of Consumer Services regarding your insurance questions. You may reach the Office of Consumer Services by calling:

1-800-768-3467 or 803-737-6180

Monday - Thursday 8:00 a.m. - 6:00 p.m.

Friday 8:00 a.m. - 5:00 p.m.

Email: consumers@doi.sc.gov

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