

Myth Or Reality? Vehicle Color Influences Rates And Insurers Can Charge Whatever They Want

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The Drive Group of Progressive Insurance Companies Debunks Common Car Insurance Myths;

Insurance Agents and Brokers Can Help Consumers Separate Fact From Fiction

MAYFIELD VILLAGE, Ohio (July 25, 2005) - The color of a car influences how much it costs to insure it, Comprehensive coverage protects drivers in all situations because, after all, it's "comprehensive," and car insurance companies can charge whatever they want. Have you ever thought one or more of these statements to be true? You're not alone.

A recent online survey of 1,000 drivers conducted by DriveSM Insurance from Progressive, the largest writer of personal auto, motorcycle, recreational vehicle and boat insurance through independent insurance agencies in the U.S., finds many drivers accept common car insurance myths as true. Here's a sampling of the survey findings along with the facts behind each:

Myth: Car insurance companies consider vehicle color when determining rates.

Survey Says: Twenty-five (25) percent of drivers surveyed mistakenly believe that the color of their car affects their auto insurance rate.

Fact: Color is not used to calculate auto insurance rates. Information that is used includes the vehicle's year, make, model, body type and engine size, as well as information about the driver.

Myth: Car insurance rates are not regulated and car insurance companies can charge whatever they want.

Survey Says: More than half of those surveyed (54 percent) did not know that each state has a regulatory body that oversees insurance companies operating within that state.

Fact: Each state has regulators who review the information companies collect as well as the rates they charge; insurers cannot deviate from those rates.

Myth: Comprehensive coverage protects drivers in all situations.

Survey Says: Almost half of drivers surveyed (48 percent) wrongly believe their car insurance policy's Comprehensive coverage protects them in all situations because, after all, it's "comprehensive."

Fact: Comprehensive coverage is one type of protection available on an auto insurance policy (others being Collision, Uninsured Motorist, etc.). Comprehensive coverage pays only for damage caused by an event other than a collision, such as fire, theft, or vandalism; it also covers weather-related (e.g., hail, flood) damage, damage caused if a vehicle collides with an animal and it provides a rental car if a vehicle is stolen.

Myth: Rental reimbursement coverage protects drivers who crash their rental car while on vacation.

Survey Says: One out of three drivers surveyed (33 percent) did not know what protection is provided through rental reimbursement coverage.

Fact: Rental reimbursement coverage pays for the cost of a rental car if a driver's personal car is in the shop as a result of an accident and he or she needs a replacement vehicle.

Myth: Bundling insurance coverages always results in a cheaper car insurance rate.

Survey Says: The majority of drivers surveyed (51 percent) say they'll always get a better rate if they "bundle" their insurance, i.e., buy their car insurance policy from the same company that insures their home.

Fact: Just because a driver buys more than one product from the same insurance company doesn't always mean they are getting the best rate available. In many cases there are savings to be had by talking with an independent agent or broker who can create a custom insurance package with policies from competing insurance carriers.

Myth: Car insurance rates go down dramatically when drivers turn 25.

Survey Says: Sixty (60) percent of those surveyed mistakenly think rates go down drastically when a driver turns 25.

Fact: Young and older drivers typically have the most car crashes and different car insurance companies' customers have different claims experiences. At Drive Insurance, for example, crash frequency starts to decline when a driver reaches their mid to late twenties. However, when developing an auto insurance rate, insurers generally consider a variety of other information about the driver in addition to their age, including information about their vehicle, their past claims history and the claims experience for other customers like them. One or more of these pieces of information could lead to a driver getting a higher, lower or the same rate when they turn 25.

"Car insurance is complicated stuff. Adding to the confusion are the myths floating around out there," says Rick Crawley, product development general manager, Drive Insurance from Progressive. "It's important for drivers to have accurate information so they can make more informed decisions. We hope that by debunking these myths, and by letting people know that independent agents and brokers can help separate fact from fiction, they'll ultimately get the right coverage and services for their needs."

Drive Insurance is represented by more than 30,000 independent insurance agencies across the country, and it's easy to find one locally. Simply go to driveinsurance.com and use the "Find an Agent" tool to locate an independent agent or broker who sells Drive Insurance.

The Progressive Group of Insurance Companies, in business since 1937, is the nation's third largest auto insurance group and the largest writer of personal auto insurance through independent agencies in the U.S. based on premiums written. Progressive companies under the DriveSM Insurance from Progressive brand provide consumers with competitive prices and superior service along with knowledgeable advice from an independent agent or broker. More information can be found at driveinsurance.com. The Common Shares of The Progressive Corporation, the holding company, are publicly traded at NYSE:PGR.

Rick Crawley, product development general manager, Drive Insurance from Progressive, is available for interview.

Did You Know:

According to an online survey of licensed drivers conducted by The Drive Group of Progressive Insurance Companies Myths About Car Insurance Rates

Regulation Smegulation

Fifty-four (54) percent of drivers surveyed mistakenly believe car insurance rates are not regulated and that companies can charge whatever they want; women are more likely than men

to think this is true (57 percent versus 51 percent, respectively).

When It Comes to Car Insurance, Red Doesn't Cost More "Green"

One out of four drivers (25 percent) mistakenly think car insurance companies consider vehicle color when determining rates. Younger drivers are nearly two times more likely than older drivers to incorrectly think this (44 percent versus 23 percent). Also, drivers in New England are most likely to mistakenly believe vehicle color matters (33 percent); while drivers in the Pacific region are least likely to (22 percent).

Savings At the Pump, Not in the Policy

Seventeen (17) percent of drivers incorrectly believe that insurance companies consider a car's fuel efficiency when determining rates.

A "Weighty" Factor

When it comes to information insurance companies look at when determining rates, 28 percent of drivers do not know that, in general, insurance companies consider vehicle weight, and seven (7) percent do not know that insurers look at whether the driver currently has car insurance.

A Rate Is A Rate, Right?

Seventeen (17) percent of drivers surveyed mistakenly believe that car insurance rates are pretty much the same from company to company.

And A Calculation Is A Calculation

Twenty (20) percent of drivers incorrectly think that different car insurance companies use the same information in the same way when determining rates.

New Car, Higher Rate

Sixty-three (63) percent of drivers wrongly believe that new cars are always more expensive to insure than older cars.

Turning The Big 2-5 Means Big Savings

Sixty (60) percent mistakenly think rates go down drastically when a driver turns 25.

Bungling Bundling

Slightly more than half of drivers surveyed (52 percent) mistakenly believe they'll always get a better rate if they bundle their insurance, i.e., buy their car insurance policy from the same company that insures their home. Older drivers are three times more likely than younger drivers to incorrectly think they're more likely to get a better rate by bundling (60 percent versus 21 percent).

Myths About Car Insurance Coverage

After All, It's "Comprehensive"

A whopping 48 percent wrongly believe Comprehensive coverage protects them in all situations. Women are more likely than men to mistakenly think this is true (51 percent versus 44 percent).

Rental Riddle

One out of three drivers (33 percent) do not know what their car insurance policy's rental reimbursement coverage provides. Of those:

- 13 percent say it covers them if they get into an accident with their rental car while on vacation.
- 10 percent say it covers the cost of a rental if their personal car is in the shop for mechanical repairs and they need a replacement vehicle.
- 10 percent say it covers rental car costs for someone else when they're at fault for the damage to the car.

Anything Goes While On Vacation

Older drivers are nearly two times more likely than younger drivers to mistakenly believe rental reimbursement covers them if they get into a crash with a rental car while on vacation (24 percent versus 13 percent).

Mother Nature's Fault

Determining liability for a crash is done on a case-by-case basis. Nevertheless, when asked about weather-related crashes, many drivers say these accidents are always:

- Considered at-fault (6 percent).
- Considered not-at-fault (12 percent).
- Could be considered at-fault or not-at-fault (64 percent).

Minimum Risk, I Think

When asked to cite good reasons for carrying only minimum liability limits, drivers surveyed mistakenly chose the following:

- My car is old and has little or no resale value (40 percent).
- I'm a good driver (19 percent).
- I've never filed a claim (10 percent).
- I've been with the same car insurance company for years and they trust me (8 percent).

Agent Myths

Independent Distinctions

When asked if there are differences between independent insurance agents and captive insurance agents, 11 percent incorrectly believe independent agents/brokers offer rates for just one company while captive insurance agents offer rates for multiple companies.

A Captive Audience

Younger drivers are nearly four times more likely than older drivers to mistakenly think independent agents/brokers offer rates for just one company while captive agents offer rates for multiple companies (23 percent versus 6 percent).

Contact:

*Kathy Bell
Jericho Communications
212.645.6900 x117*