

WHAT ARE AUTOMOBILE INSURANCE PREMIUMS BASED ON?

Are you wondering why you don't pay the same automobile insurance premium as that of neighbours who drive the same model car?

Here are the main criteria that can influence your premium.

□ **Age and sex**

Young people generally file more claims than more experienced drivers, so their premiums are often higher.*

It has also been noted that automobile insurance usually costs less for women than men.* This is due to the fact that—on average—women's claims cost far less than men's.

□ **Driver record and vehicle usage**

Your insurance premium may be lower if:

- You have taken a driver education course.
- You have held a driver's license for a number of years.
- You have not committed any violations of the Highway Safety Code.
- You have not been in or caused an accident.
- You don't use your vehicle to travel great distances.
- You don't use your vehicle for business.

□ **Location**

Your premium will be higher or lower based on where you live. For example, premiums will be higher in areas with higher rates of car theft.

□ **Your vehicle**

Premiums increase or decrease based on vehicle make, model, year, value, engine, cost of replacement parts, and even the number of doors.

□ **Amount of coverage**

Insurers also take into account the amount of civil liability insurance and deductible that will apply if a vehicle is damaged. The higher the deductible, the lower the premium. So the premium will be based on the coverage available. For example, if you only have civil liability coverage, you will pay less than if you are also covered for vehicle damage.

□ **Financial stability (credit score)***

Some insurers will give a discount based on a client's financial stability. The more stable the client, the larger the discount. Insurers generally believe that persons with financial discipline are more likely to maintain their cars in good repair and to be more cautious. So having a good credit file can often result in lower premiums.

* According to the AMF annual report, *Tarification en assurance automobile, 2007*.

□ **Discounts**

You may be entitled to a discount when your policy is issued, you insure more than one vehicle or you insure both your car and your residence with the same insurance company. Or when your vehicle is equipped with an antitheft system. Some insurers also offer a discount if you've not moved out of the area for several years. Discounts have been introduced recently for drivers who own hybrid vehicles, use winter tires, or request insurance quotes on-line.*

Shop around! You may find that premiums vary significantly from one insurer to another. And there's no one insurance company with the best rates for every type of customer profile. Your neighbours may have contacted several insurers and decided that Company X is best for them, but that doesn't necessarily mean it will be the best choice for you.

To choose the right car insurance product for you, compare the features of the policies you are offered such as deductible, premiums, civil liability, etc.

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* According to the AMF annual report, *Tarification en assurance automobile, 2007.*