



## Division of Insurance

### **FOR IMMEDIATE RELEASE – UPDATED WITH NEW ADVICE FOR CONSUMERS**

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### **FIVE ECONOMIC TRENDS THAT MAY IMPACT YOUR CAR INSURANCE COSTS**

*More than half of Americans made financial choices in the last year  
that could increase or decrease the cost of car insurance*

DENVER – June 23, 2011 – Financial challenges have forced many consumers to make lifestyle changes to adapt to the current economy. From changing jobs to moving to a different house to downsizing vehicles, Americans have made decisions that impact unexpected areas of their life – like car insurance. In fact, in the past year 53 percent of Americans have made an economic-driven change that could impact the cost of their car insurance, according to an April 2011 survey released by the [National Association of Insurance Commissioners](#) (NAIC).

According to the survey, the most common car-related, money-saving lifestyle changes consumers made in the last 12 months that could impact their insurance costs were:

- Driving less overall and/or taking public transportation more frequently.
- Trading in a vehicle for a lower-priced model or eliminating a second vehicle.
- Reducing or cancelling car insurance coverage for immediate financial relief, but without realizing the consequences. That can include higher future premiums and the economic consequences if they were at-fault in an accident while being uninsured. In Colorado, cancelling insurance can also affect vehicle registration.

“Choices such as driving less, switching jobs, or even paying off a vehicle can save money – or cost you more – on your car insurance,” says John J. Postolowski, Interim Commissioner of Insurance for the Colorado Division of Insurance. “When determining where to cut spending now, it’s important to consider the big picture. It’s important to understand the choices you make now to save money on your car insurance may adversely affect you in the future.”

#### ***Economic-Driven Lifestyle Choices That Can Affect Auto Insurance Costs***

- **YOU MOVED** – Whether by choice or necessity, many consumers relocated over the past year. If you downsized homes, took advantage of record low interest rates, or were forced to move due to foreclosure, a change in zip code may affect your auto insurance premium.
  - Where you live could impact your premium. Most companies rate by geographic location and rates vary from company to company.
  - The distance driven to and from work will also affect your premium.
- **CHANGED CARS** – Car ownership can be a hefty expense. Whether you chose to purchase a less expensive car, paid off a current vehicle, or purchased a “starter” car for a teenage driver, car insurance rates change.

- **CANCELLED COVERAGE** – Some consumers chose to stop paying their automobile insurance premiums and allowed their insurance to lapse. This option can result in serious financial consequences.
  - When you allow coverage to lapse you will lose renewal/continuous coverage discounts. When purchasing insurance again premiums will be higher because of the gap in coverage.
  - Colorado law requires automobile owners to carry insurance on their car. Cancellation of coverage could result in delay or denial of future vehicle registrations.
- **SWAPPED JOBS** – With more than 233,000 Coloradans still unemployed, and nationally, unemployment hovering around 9 percent, many consumers have been impacted by a job loss. Finding employment in the current economy has been challenging, causing some consumers to create flexible work situations or even to relocate for the right position. Each of these unique situations can have an impact on car insurance costs.
- **DRIVING LESS** – Since your car insurance premium is partially based on annual mileage, driving less equals paying less. According to the NAIC survey, almost 40 percent of consumers drove less in the past year choosing instead to carpool, walk or take public transportation more frequently. Check with your insurance company for a low mileage discount.
- **DAMAGED CREDIT SCORE** – Whether consumers have fallen behind on bills or made a purchase they could not afford later, financial decisions that affect credit-based insurance scores may impact insurance rates. Most states allow insurers to use certain elements of credit history as a factor to predict the likelihood of future losses. Having a poor credit-based insurance score can result in higher premiums.

It is important to discuss your insurance needs with your insurance agent or insurer. You can find additional information by contacting the Colorado Division of Insurance at [www.dora.state.co.us/insurance](http://www.dora.state.co.us/insurance). For more tips on how to [lower car insurance costs](#) or additional information about the choices in auto insurance coverage, you can also visit [www.Auto.InsureUonline.org](http://www.Auto.InsureUonline.org).

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*The **Colorado Division of Insurance** regulates the insurance industry and assists consumers and other stakeholders with insurance issues.*

*DORA is dedicated to preserving the integrity of the marketplace and is committed to promoting a fair and competitive business environment in Colorado. Consumer protection is our mission.*

*Formed in 1871, the National Association of Insurance Commissioners (NAIC) is a voluntary organization of the chief insurance regulatory officials of the 50 states, the District of Columbia and five U.S. territories. The NAIC has three offices: Executive Office, Washington, D.C.; Central Office, Kansas City, Mo.; and Capital Markets and Investment Analysis Office, New York City. The NAIC serves the needs of consumers and the industry, with an overriding objective of supporting state insurance regulators as they protect consumers and maintain the financial stability of the insurance marketplace. For more information, visit [www.naic.org](http://www.naic.org).*

