

Consumer guide to **Auto Insurance**



Oregon Insurance Division

About the Oregon Insurance Division

The mission of the Insurance Division is to administer the Insurance Code for the protection of the insurance-buying public while supporting a positive business climate.

We ensure the financial soundness of insurers, the availability and affordability of insurance, and the fair treatment of consumers by doing the following:

- Licensing insurance companies and monitoring their solvency
- Reviewing insurance products and premium rates for compliance
- Licensing insurance agents and consultants
- Resolving consumer complaints
- Investigating and penalizing companies and agents for violations of insurance law
- Monitoring the marketplace conduct of insurers and agents
- Educating the public about insurance issues
- Advocating reforms that protect the insurance-buying public

Call us for help

■ Consumer Protection Section — (503) 947-7984 or (888) 877-4894 (toll-free in Oregon)

You have the right to seek assistance from the Insurance Division at any time by filing a formal complaint against an insurance company or agent. A copy of the complaint is sent to the insurance company. A response from the insurance company or agent must be received at the Insurance Division within 21 days. If the response is not adequate, a consumer advocate will work with you and the insurance company to try to resolve the problem. The Insurance Division will forward a copy of the insurance company's response to you. If a law has been broken, the matter may be referred to the Insurance Division's Investigations Unit.

■ Company Section — (503) 947-7982

To find out if a company is authorized to sell insurance in Oregon, call our Company Section or visit our Web site, insurance.oregon.gov; click on company information.

■ Agent Licensing Unit — (503) 947-7981

To find out if your insurance agent is licensed to do business in Oregon, call our Agent Licensing Unit or visit our Web site, insurance.oregon.gov; click on agent information.

■ Senior Health Insurance Benefits Assistance (SHIBA) — (503) 947-7984 or (800) 722-4134 (toll-free in Oregon)

Call SHIBA for information about Medicare and other health insurance for Medicare-eligible people, or visit SHIBA's Web site, oregonshiba.org.

Visit our Web site

The Oregon Insurance Division's Web site includes all of our publications as well as other useful information for consumers. You can file a complaint against an insurance company or agent, check to see if an insurer is authorized to do business in Oregon, and find out if your insurance agent is licensed in Oregon. Our Web address: insurance.oregon.gov.

Table of contents

Choosing an insurer	2
Auto insurance basics	2-4
Underwriting standards	2
Credit scoring	2
Rating categories	3
Types of coverage	3
Extra liability coverage	4
Your right to be treated fairly	4
What to do if you can't get coverage	4
A safety net for consumers	4
Oregon requirements	5
Required coverages	5
Proof of insurance	5
Filing a claim	6
Dealing with total-loss claims	6-7
Saving money on auto insurance	7-8
Auto-insurance questions & answers	8-9
Price comparisons	10-14
Using the price comparisons	10
Example 1 — Tire family	11
Example 2 — Bill & Barbara Bumper.....	12
Example 3 — Kyle Klutch.....	13
Example 4 — Lloyd & Linda Lugnut	14
Company information	15-18
Glossary	19
Insurance publications	20

Choosing an insurer

Auto insurance helps protect you and your family from losses resulting from motor vehicle accidents. Oregon law requires every car to be covered by automobile insurance.

The cost for coverage varies widely among companies doing business in Oregon. That's why it's important to shop around when choosing an insurance company.

This booklet can help you make an informed decision. It includes information about what kinds of coverage are required, how to shop for insurance, and tips to hold down your costs. It also allows you to compare rates for the major auto insurance companies doing business in Oregon.

The rate comparisons in this booklet are designed to be used as a guide and don't cover all situations. For specific information about rates, you'll need to contact individual agents or companies.

Comparison shopping takes a little more time, but it can save you money!

However, cost is just one factor to consider when choosing an insurance company. It's also important to look at the company's financial condition and how it treats its policyholders.

A company's financial information is available from the following organizations that rate insurance

companies. Companies may charge a fee for these services.

- **A.M. Best Company**
(908) 439-2200
www.ambest.com
- **Fitch, Inc.**
(800) 853-4824
www.fitchratings.com
- **Moody's Investor Services**
(212) 553-0377
www.moody's.com
- **Standard & Poor's Rating Information Services**
(212) 438-2400
www.standardandpoors.com
- **Weiss Ratings, Inc.**
(800) 289-9222
www.weissratings.com

One source of information about how companies treat their policyholders is the *Consumer Guide to Oregon Insurance Complaints*, which annually ranks insurers from best to worst based on the number of consumer complaints received by the Insurance Division. To request a copy, call (503) 947-7984 or (888) 877-4894 (toll-free in Oregon). The guide is also on our Web site, insurance.oregon.gov; click on publications.

Auto insurance basics

Underwriting standards

Underwriting standards are rules insurance companies use to decide whether to insure you. A company may reject your application for coverage if your circumstances do not meet the company's underwriting standards or risk factors. Drivers with the lowest risk factors are least likely to have a claim, so they receive the lowest rates for insurance.

Insurance companies typically review the following when deciding whether to insure you:

- driving record
- car make and model
- prior insurance coverage
- consumer credit history

Credit scoring

Many insurance companies look at a consumer's credit history to decide whether to issue or renew an auto or home insurance policy or how much to charge. This practice is known as credit scoring or insurance scoring.

Insurance scoring has been controversial, and a number of states, including Oregon, have placed limits on its use. In Oregon, insurers can't use a policyholder's credit information to raise premiums. Also, the law prohibits insurers from canceling or refusing to renew existing policies because of credit history problems.

Insurers can use credit information when deciding whether to issue a new policy, but only if they can

document that it helps them predict future claim costs and price their products fairly. At the same time, they must demonstrate that credit information is used as part of an evaluation system that also relies on other relevant factors.

Oregon insurers and agents must tell consumers how the company uses credit information *before* running credit checks. If a company uses credit information to prescreen applicants, the company must notify you of this before running a credit check.

If an insurer uses credit information to make an “adverse” decision, such as not to offer the best rate or not to offer a policy, the insurer must give you specific reasons for the adverse action. You have a right to a free copy of your credit report from the credit bureau. If you find an error in your credit report and arrange with the credit bureau to correct it, you can ask the insurer to reconsider.

Credit information is available from three credit bureaus:

- **Equifax** — www.credit.equifax.com or (800) 685-1111
- **Experian** — www.experian.com or (888) 397-3742
- **Trans Union** — www.transunion.com or (800) 888-4213

If there are mistakes, ask the credit bureau to correct the information.

Rating categories

If you are approved for coverage, the insurance company will place you in one of three basic categories of drivers: preferred, standard, or nonstandard.

Preferred: This category is for drivers considered the best risks, which usually means the safest drivers. Preferred drivers have maintained clean driving records for the past three years and pay the lowest rates.

Standard: This category is for drivers considered moderate risks. Rates for standard drivers are higher than those for preferred drivers. People in this category usually drive “family” cars and have reasonably clean driving records.

Nonstandard: This category is for drivers considered high risk. They pay the highest rates for insurance. This category may include drivers under 25, driv-

ers with little experience, drivers with histories of tickets or accidents, drivers with poor premium-payment records, and drivers with convictions for driving recklessly or under the influence of alcohol or other drugs.

Types of coverage

When you purchase an auto insurance policy, you’re really buying several types of coverage. There are seven basic types of coverage:

- **Bodily injury liability** coverage pays for damages other people incur if you or someone you allow to drive your car causes an auto accident. Examples of damages include medical expenses, rehabilitation, funeral costs, settlement of lawsuits, and legal expenses.
- **Property damage liability** coverage pays for damage to other people’s property if you or someone you let drive your car causes an auto accident. It usually pays for repair or actual cash value (ACV) of others’ property and your legal expenses.
- **Personal injury protection (PIP)** coverage pays for medical, rehabilitation, funeral, and child-care expenses as well as for loss of earnings and in-home assistance if you and your passengers are injured in an accident, regardless of who is at fault.
- **Uninsured motorist bodily injury** coverage pays medical, rehabilitation, and funeral expenses, loss of earnings, and other damages if you or your family are involved in a vehicle, bicycle, or pedestrian accident caused by an uninsured motorist or a hit-and-run driver.
- **Uninsured motorist property damage** coverage pays for damage to your auto caused by an uninsured driver. This optional coverage generally duplicates your collision coverage, but may be a good buy if you have a high deductible on your collision coverage or don’t have collision coverage.
- **Collision** coverage pays for repairing your vehicle in a collision or rollover.
- **Comprehensive** coverage pays for damage to your vehicle resulting from theft, vandalism, windstorms, fire, hail, etc.

Auto insurance basics

Extra liability coverage

You can buy a separate personal umbrella policy to provide extra liability protection if you are sued. An umbrella policy benefit will start paying when your other policy's liability limits are exhausted. For example, let's say you lose control of your car and cause an accident that kills one person, seriously injures four others, and damages seven vehicles and one residence. The liability damages sustained in this accident are likely to exhaust the limits of your auto policy. A personal umbrella policy provides additional liability protection.

Your right to be treated fairly

An insurance company cannot deny, refuse to renew, limit, or charge more for coverage because of your race, color, religion, or national origin.

A company also cannot deny, refuse to renew, limit or charge more for coverage because of your age, gender, marital status, disability, or partial disability unless the refusal, limitation, or higher rate is "based on sound underwriting or actuarial principles."

In addition, a company cannot unfairly discriminate between individuals of the same (rate) class and essentially the same hazard (risk) in its rates, policy terms, benefits or in any other manner unless the refusal, limitation, or higher rate is "based on sound actuarial principles."

What to do if you can't get coverage

If you are an individual or company having difficulty buying automobile liability insurance, you may qualify for coverage under the assigned risk pool through the Automobile Insurance Plan of Oregon.

Additional information or assistance can be obtained by contacting your insurance agent or broker or Western Association Automobile Insurance Plans. P.O. Box 7917, San Francisco, CA 97104, (800) 227-4659.

A safety net for consumers

Most states, including Oregon, have a safety net to protect insurance consumers from financial loss if an insurance company becomes insolvent and is unable to pay claims. Oregon's safety net is called the Oregon Insurance Guaranty Association. The association was established by state law and is generally composed of licensed insurance companies doing business in the state. It pays covered claims of Oregon policyholders and other claimants up to \$300,000 if an Oregon-licensed insurance company becomes insolvent. Claims are paid according to the terms of the original insurance policy, and the association won't pay any claim the insurance company would not have paid.



Required coverages

Oregon law requires every vehicle to be covered by auto insurance. Nevertheless, millions of dollars in damage is caused each year by uninsured drivers. This includes damage to vehicles and medical care for those injured in accidents.

Oregon's mandatory-insurance law requires that drivers have at least these minimum coverages:

- **Bodily injury (BI) liability**
\$25,000 per person, \$50,000 per accident for bodily injury to others.
- **Property damage (PD) liability**
\$10,000 per accident for damage to the property of others.
- **Personal injury protection (PIP)**
PIP is Oregon's version of no-fault insurance. It allows you and your passengers, regardless of who caused an accident, to have insurance coverage for "reasonable and necessary" medical, dental, hospital, surgical, ambulance, and prosthetic services incurred within one year after the date of an injury up to a maximum of \$15,000.

In Oregon, minimum PIP benefits include limited coverage for loss of earnings, funeral expenses, essential services, and child care.

Medical services: Treatment is considered reasonable and necessary unless a provider receives a denial notice within 60 calendar days of claim notice. After that, the burden of proving that treatment was not reasonable and necessary is on the insurance company.

Loss of earnings: This benefit is available if your injury prevents you from returning to work. It begins on the 14th day of your disability. You receive up to 70 percent of wages up to a maximum benefit of \$1,250 a month for 52 weeks.

Essential services: If you are not employed, you are entitled to reimbursement of reasonably incurred expenses for the essential services that you would normally perform. You will receive up to \$30 a day for up to 52 weeks. This benefit begins on the 14th day of disability.

Funeral expenses: You will be paid for reasonable and necessary funeral expenses within one year of the date of injury up to a maximum benefit of \$2,500.

Oregon law and your insurance policy allow PIP benefit disputes to be resolved by arbitration as long as both parties agree at the time of the dispute.

Know your PIP limit. Review this coverage carefully and consider raising your limit.

- **Uninsured motorist bodily injury (UMBI) coverage**
\$25,000 per person, \$50,000 per accident for bodily injury to you and your passengers caused by an uninsured driver.

UMBI coverage requires your insurance company to pay all expenses that would normally be paid by the other person's company if you are hurt by an uninsured motorist.

Consider increasing this coverage on your policy, because an uninsured motorist probably cannot compensate you for your losses.

Remember, these are the minimum coverages required by Oregon law, not levels of coverage recommended by the Insurance Division.

Proof of insurance

Oregon law requires drivers to carry proof of liability insurance. The law also requires your insurance company to send you an insurance card that shows the effective date and expiration date of your policy. Keep this card in your vehicle at all times.

Driving without liability insurance could result in fines, suspension of driving privileges, and impounding of your vehicle.

If a judge convicts you of driving uninsured, you will have to file proof of financial responsibility with the Driver and Motor Vehicle Services (DMV) for three years or face suspension of your license. This is in addition to any fines you must pay.

Filing a claim

Step 1: Understand your policy

Before you have a loss, sit down and carefully read your insurance policy. If you have any questions about what is or is not covered, call your agent or company.

Step 2: Exchange information

If you are involved in an accident, get the other driver's name, address, phone number, insurance carrier, and insurer's phone number. Be prepared to give the same information about yourself to the other driver. You can find insurers' telephone numbers on proof-of-insurance cards.

Step 3: Identify witnesses

Ask witnesses to the accident for their names and phone numbers in case their account of the accident is needed.

Step 4: File an accident report

If the accident causes any injury or more than \$1,500 worth of damage and occurs in a public place, (which includes roads) Oregon law requires you to file an accident report with the police department within 72 hours (three days).

Accident reports and detailed instructions are available at all police departments, sheriff's offices, DMV offices, and on the DMV's Web site, www.odot.state.or.us/dmv.

Step 5: Notify your insurer

Contact your insurance company about the accident as soon as possible. An insurance adjuster will determine who caused the accident. If the accident wasn't your fault, you can have either your insurance company or the at-fault driver's insurance company handle the repair or replacement of your

vehicle. If you use the other driver's company, you won't have a claim on your automobile policy and you won't have to pay a deductible.

Step 6: Don't release insurers too early

Don't relieve your insurance company of its responsibility until the damages are settled to your satisfaction. For example, revert to your insurance coverage if the other party's insurance company questions its policyholder's negligence or offers an unacceptable settlement.

Step 7: Consider these settlement factors

- **Bodily injuries:** You may be entitled to a monetary settlement for injuries caused by another liable party. It can take several days for some injuries to become apparent.
- **Damages:** The insurance company is responsible to pay for the reasonable cost of repairs to your vehicle. An insurance adjuster will assess the damage. Usually, insurance companies and auto body shops negotiate disagreements about what should be repaired. If you disagree with their conclusions, you have the right to obtain another appraisal at any auto body shop.
- **Appraisal clause:** Most auto insurance policies include an appraisal clause, which can be used to help settle disputes about physical damage claims between you and your insurance company. (The appraisal clause doesn't apply for claims you file with the other party's insurance company.) If you can't reach an agreement with your company, you or your insurer can initiate the appraisal clause. Your appraiser and your insurer's appraiser then select an independent umpire to try to resolve the dispute. Check your policy or ask your agent or insurance company for more information about the appraisal clause.

Dealing with total-loss claims

A total loss is declared when it would cost more to restore a vehicle to its original condition than to buy a similar replacement vehicle on the market. An insurance company may provide reimbursement for a vehicle that is a total loss by offering a comparable vehicle in your local area, or by paying a cash settlement based on your vehicle's fair market value.

Insurers must use a fair and reasonable method to determine the value of your car. They also must tell you how they determined the value if you request this information.

Dealing with total-loss claims

There are several sources, usually available through your local library, to help determine the fair market value of your vehicle and to locate comparable vehicles in your area:

- *CCC Information Services, Inc.*, www.cccis.com or (800) 621-8070
- *ADP Autosource*, www.adpclaims.com or (800) 351-3133
- *National Automobile Dealers Association's Used Car Guide*, www.nada.com
- *Kelley Blue Book*, www.kbb.com

Finalize the settlement

Your claim is closed once you accept the insurance payment or sign an insurance settlement form.

There is an exception for first-party claims (claims you file with your insurance company). You can ask your insurance company to reopen your claim

within 35 days of receiving payment if you cannot locate a comparable vehicle for the settlement amount. Your insurance company may either:

- Pay the difference between the market value of your vehicle and the cost of a comparable vehicle that you locate.
- Locate a comparable vehicle for you.
- Offer a replacement vehicle of the same make and year (or newer). It must be of similar body style, have similar options and mileage, and be in as good or better overall condition than the vehicle destroyed. You have the right to inspect the vehicle before accepting it.
- Initiate the appraisal clause in your policy. (See Appraisal clause, Page 6).

The exception doesn't apply for third-party claims (claims you file with the other party's insurance company).

Saving money on auto insurance

Before you buy

Talk with your agent or insurance company about insurance costs before you buy a car. Certain makes and models, especially sports cars, are higher risks for insurance companies and cost more to insure.

Comparison shopping

Ask several companies for quotes. By shopping around, you may find several hundred dollars' difference between quotes. Be sure to compare identical coverages when comparing policies.

Coverages

Drop collision coverage on cars that cost more to repair than they are worth. For example, consider carrying only liability coverage for cars valued at less than \$1,000.

Increase your deductibles. Take the highest deductible you can afford on collision and comprehensive coverage.

Discounts

You can save money on auto insurance by taking advantage of discounts. Ask your agent or company if you qualify for discounts for any of the following:

- You insure two or more cars on a policy.
- Your auto and home insurance are on the same policy or with the same company.
- Your child is under 25 and has good grades in school.
- Your child has completed a driver-education course.
- You've completed a defensive-driving course.
- You're a mature driver between 50 and 65.
- Your vehicle has air bags, an anti-lock braking system, other safety equipment, or anti-theft devices.
- You're a low-mileage driver.
- You're in a carpool.
- You haven't gotten any traffic tickets in three years.
- You haven't been in any accidents in three years.
- You have a favorable credit history.

Saving money on auto insurance

Driving record

- Maintain a good driving record. Your premiums are directly related to your driving record.
- Under Oregon law, an insurance company can use only the last three years of your driving record when deciding whether to issue or renew a policy or determining your premium. If you've had an accident or a violation, and your rates have gone up or your policy has been assigned to a nonstandard insurer, talk with your insurance agent or company. If it's been more than three years since your accident or violation, you may qualify for a lower rate. If not, consider changing companies.
- Take a defensive-driving course.

Older drivers

Drivers 55 and older must be given a discount if they complete a state-certified safe driving course.

Parents of teenagers

If your teenagers don't own cars, make sure your insurer understands which cars they are going to be driving and whether it will be occasional or principal use. If they do own cars, consider covering them under your policy. Otherwise, they'll probably have to pay higher premiums.

Check into discounts such as those listed on the previous page. If your young driver goes to school more than 100 miles away — without a car — you may qualify for another discount.

Paying premiums

You can save on service charges by paying premiums in full rather than on a quarterly or month-to-month basis.

Reviewing your policy

Review your policy periodically and update coverage accordingly.

Notify your agent immediately if you move, substantially reduce your annual mileage, sell your car, change your marital status, or change the number of drivers in your household.

Young singles on their own

Avoid performance or "turbo cars." A turbo engine can add more than 10 percent to your premium.

Auto-insurance questions & answers

Q: Why does my insurance cost more than my agent said it would?

A: This is called a misquote. Determining your premium depends on many factors, including where you live, the kind of car you drive, how much you drive, how much coverage you want, your driving record, and your age.

If an error is made in reporting any of these facts, your rates won't be quoted correctly. Misquotes can also happen if your agent makes a mistake in applying the company's rating system. Auto insurance misquotes can happen when your application information differs from actual driving record.

Companies ask states' motor-vehicle divisions to verify the records of drivers they insure.

If you told your insurance agent you have a perfect driving record, and you don't, your insurance company will charge higher premiums than your agent quotes.

To avoid misquotes, provide accurate information about your driving record and any other facts affecting the cost of insurance, such as the make of your car or how far you commute to work. **Verify all information before signing the application.**

Q: How does my driving record affect my insurance premium?

A: The premium you pay is a direct reflection of your driving record for the past three years. Insurance companies order driving records from the Oregon DMV and from other states where

Auto-insurance questions & answers

you've been licensed. Statistics show that drivers with tickets and accidents are more likely to have accidents than drivers with clean records.

Q: Why is it harder to get insurance if drivers in my household have bad driving records?

A: Many companies won't insure you if you live with a relative who has a poor driving record. If your teenager has a poor driving record, you may have trouble getting a preferred rate because he or she is defined as an "insured" under your policy. Some companies will exclude this person by name from the insurance policy. Many companies won't insure anyone in the family unless every driver in the household meets their requirements.

Q: What do insurance companies consider when they decide whether to cancel or not renew policies?

A: Insurance companies evaluate the risks associated with each policyholder to determine if you are a "good risk" or if your policy should be canceled or not renewed. Some of the areas insurance companies review:

- **Claims.** Do you file claims frequently or for large amounts?
- **Driving record:** Do you have a bad driving record (speeding, DUI, etc.)
- **Credit history.** Do you have bad credit? Have you filed for bankruptcy?

Q: My car was "totaled." Why didn't my policy pay what I think my car was worth?

A: Most auto insurance policies pay the actual cash value (ACV) of a vehicle totaled in an accident. The ACV is equal to the market value of an auto immediately before the accident.

Insurers must use a fair and reasonable method to determine the value of your car. They also must tell you in writing that information about how they determined the value is available if you request it.

Tell the insurance company what you believe makes your car worth more than the insurer is willing to pay you. It may come down to negotiations between you and the insurance company. But remember, an insurance company won't compensate you for your car's sentimental value.

Q: What happens if my loan was more than my insurance company says my car was worth?

A: Sometimes the value of a car is less than the balance on your car loan. There can be several reasons for this. Interest rate changes may have increased the amount of your loan. Rebates may not have applied to the purchase price, or poor maintenance of the auto may have reduced its value. The insurance company bases its payments on the actual cash value (ACV) of the car, not the amount of your loan. You may be able to purchase a special type of insurance, known as guaranteed auto protection (GAP), when you buy a car. GAP insurance covers the difference between the ACV and your loan balance.

Q: Why didn't I get a notice that my insurance policy was canceled?

A: Your company must send you notice at least 10 days in advance of canceling your policy for nonpayment. If your policy has been canceled or "non-renewed" for a reason other than nonpayment, the company must give you at least 30 days' advance notice. An explanation of the reasons for the cancellation or non-renewal must be part of or accompany the notice.

Under Oregon law, insurance companies must be able to prove notice was sent but not that you received it. It's your responsibility to tell your insurance company if your address changes. Keep track of your payments.

Q: What's the difference between comprehensive and collision coverage?

A: Comprehensive coverage typically covers damage from fire, theft, explosion, glass breakage, animal collision, and other incidents not covered by collision coverage. Collision is usually defined as colliding with another object or overturning. Most auto policies have lower deductibles for comprehensive coverage than for collision coverage. If you have an older car that may cost more to repair than it's worth, consider the following to save money:

- Raise your deductibles.
- Drop your collision or comprehensive coverage.
- Drop both your collision and comprehensive coverage.

Using the price comparisons

Auto insurance costs vary widely among the more than 200 companies doing business in Oregon. The premium comparison charts on the following pages show how important it is to shop around for automobile insurance.

The key to comparison shopping is to know what insurance coverage you need before you start and to find out how much the coverage will cost from a number of insurers. You need to make sure that all quotes are for the same amount of coverage. Large variances in premiums may be attributable to different limits or deductibles.

For this guide, we asked the 25 largest auto insurers in Oregon to quote annual premiums for four types of drivers in seven cities. Participating companies are listed in alphabetical order, beginning on Page 11.

Please note that premiums are quoted as of Nov. 1, 2002, and changes are likely to have occurred since then. The quotes are included in this guide to demonstrate that premiums can vary widely from company to company.

Also, please note that rate comparisons in this guide don't cover all situations. For specific information about rates, contact individual insurance agents or companies.

The coverages limits in this comparison are the minimums required by Oregon law: They are not recommended levels of coverage. The coverage limits quoted in this comparison:

- Bodily injury (BI) liability coverage of \$25,000 per person, \$50,000 per occurrence (injury caused to other parties).
- Property damage (PD) liability coverage of \$10,000 (damage caused to property belonging to others).
- Personal injury protection (PIP) of \$15,000 per person (no-fault).
- Uninsured motorist bodily injury (UMBI) coverage of \$25,000 per person and \$50,000 per occurrence for bodily injury.

Although price is a major factor in choosing insurance, it's also important to look closely at policy provisions, coverage limits, and the quality of service.

One source of information about the quality of service is the *Consumer Guide to Oregon Insurance Complaints*, which annually rates insurers based on the number of consumer complaints to the Insurance Division. To request a copy, call (503) 947-7984 or (888) 877-4894 (toll-free in Oregon). The guide is also on our Web site, insurance.oregon.gov; click on publications.



Price comparisons

Example 1

Tire family

Tom and Tammy Tire, both 44, are married. Tom drives a 2000 Toyota Camry (4 cyl.) five miles each way to work, five days a week. Tammy drives a 2000 Dodge Caravan (6 cyl.) 10 miles each way to work, five days a week. Neither has had an accident or moving violation in the past three years. Their oldest of three children, 16-year-old Ty, just got his driver license. He has had no tickets or accidents, has a 3.0 grade point average, and only drives occasionally.

Insurance company	Bend 97701	Coos Bay 97420	Eugene 97405	Medford 97501	Pendleton 97801	Portland 97211	Salem 97301
1. Allstate Indemnity	-----	-----	Not	eligible	-----	-----	-----
2. Allstate Property & Casualty	350	327	398	339	279	510	471
3. American Family Mutual	269	312	281	269	268	482	363
4. American Standard of Wisconsin	-----	-----	Not	eligible	-----	-----	-----
5. Country Mutual	395	449	441	395	357	724	545
6. Farmers of Oregon	384	399	384	408	303	683	518
7. GEICO General	476	486	504	476	415	638	538
8. Liberty Mutual Fire	333	377	356	333	323	506	429
9. Mid-Century	-----	-----	Not	eligible	-----	-----	-----
10. Mutual of Enumclaw	472	389	482	394	296	716	482
11. Nationwide Mutual	393	410	384	393	358	548	495
12. Nationwide Mutual Fire	364	379	355	364	332	506	458
13. North Pacific	392	414	399	334	298	565	420
14. Oregon Mutual	480	465	469	465	438	533	475
15. Progressive Halcyon	398	418	412	401	384	519	466
16. Progressive Northern	276	327	318	287	259	524	407
17. State Farm Fire & Casualty	477	501	512	477	463	739	623
18. State Farm Mutual Auto	470	494	505	470	457	728	614
19. United Services Auto Assoc.	420	454	454	431	393	551	545
20. USAA Casualty	434	469	469	445	406	569	563
21. Western Protectors Preferred	379	369	372	369	350	418	377

Notes

- All figures are rounded.
- Premiums are for six months, as of Nov. 1, 2002, and changes are likely to have occurred since then. The quotes are included in this guide to demonstrate that premiums can vary widely from company to company.
- Please see Company information, Pages 15-18, for additional information from the insurer.
- Rate comparisons in this guide don't cover all situations and are subject to change without notice. For specific information about rates, contact individual insurance agents or companies.

Price comparisons

Example 2

Bill & Barbara Bumper

Bill and Barbara Bumper, both 35, are married. Bill drives a 2001 Ford Explorer (6 cyl.) two miles each way to work, five days a week. He hasn't had an accident or moving violation in the past three years. Barbara drives a 1998 Dodge Neon (4 cyl.) five miles each way to work, five days a week. She hasn't had an accident in the past three years, but was cited one year ago for speeding (45 mph in a 30-mph zone).

Insurance company	Bend 97701	Coos Bay 97420	Eugene 97405	Medford 97501	Pendleton 97801	Portland 97211	Salem 97301
1. Allstate Indemnity	-----	-----	Not eligible	-----	-----	-----	-----
2. Allstate Property & Casualty	216	203	245	212	176	314	290
3. American Family Mutual	180	207	187	180	179	318	240
4. American Standard of Wisconsin	-----	-----	Not eligible	-----	-----	-----	-----
5. Country Mutual	190	215	211	190	173	341	259
6. Farmers of Oregon	302	311	299	313	251	520	407
7. GEICO General	262	267	277	262	230	348	295
8. Liberty Mutual Fire	243	274	259	243	236	364	310
9. Mid-Century	-----	-----	Not eligible	-----	-----	-----	-----
10. Mutual of Enumclaw	346	287	354	289	221	519	354
11. Nationwide Mutual	260	270	254	260	237	358	324
12. Nationwide Mutual Fire	241	251	235	241	220	331	301
13. North Pacific	229	241	235	196	175	328	246
14. Oregon Mutual	308	293	297	293	266	361	303
15. Progressive Halcyon	451	475	470	453	437	592	531
16. Progressive Northern	309	367	358	320	287	586	458
17. State Farm Fire & Casualty	320	336	343	320	311	490	415
18. State Farm Mutual Auto	282	296	303	282	274	434	367
19. United Services Auto Assoc.	257	276	275	263	242	328	325
20. USAA Casualty	256	274	273	261	241	325	322
21. Western Protectors	-----	-----	Not eligible	-----	-----	-----	-----

Notes

- All figures are rounded.
- Premiums are for six months, as of Nov. 1, 2002, and changes are likely to have occurred since then. The quotes are included in this guide to demonstrate that premiums can vary widely from company to company.
- Please see Company information, Pages 15-18, for additional information from the insurer.
- Rate comparisons in this guide don't cover all situations and are subject to change without notice. For specific information about rates, contact individual insurance agents or companies.

Price comparisons

Example 3

Kyle Klutch

Kyle is a single male, age 23. He drives a 1999 GMC Sierra 1500 (1/2 ton, 8 cyl.) 10 miles each way to work, five days a week. He's had two speeding tickets within the past two years (both 75 mph in a 55-mph zone) and was cited one year ago for driving under the influence of alcohol (DUI). He has had no other moving violations or accidents, and there are no other drivers in the household. Kyle needs an SR-22 filing, which provides proof of financial responsibility.

Insurance company	Bend 97701	Coos Bay 97420	Eugene 97405	Medford 97501	Pendleton 97801	Portland 97211	Salem 97301
1. Allstate Indemnity	820	732	941	839	654	1378	1192
2. Allstate Property & Casualty	-----	-----	Not eligible	-----	-----	-----	-----
3. American Family Mutual	-----	-----	Not eligible	-----	-----	-----	-----
4. American Standard of Wisconsin	844	928	867	844	842	1260	1028
5. Country Mutual	-----	-----	Not eligible	-----	-----	-----	-----
6. Farmers of Oregon	-----	-----	Not eligible	-----	-----	-----	-----
7. GEICO General	-----	-----	Not eligible	-----	-----	-----	-----
8. Liberty Mutual Fire	-----	-----	Not eligible	-----	-----	-----	-----
9. Mid-Century	975	1023	949	1032	691	1682	1251
10. Mutual of Enumclaw	-----	-----	Not eligible	-----	-----	-----	-----
11. Nationwide Mutual	-----	-----	Not eligible	-----	-----	-----	-----
12. Nationwide Mutual Fire	-----	-----	Not eligible	-----	-----	-----	-----
13. North Pacific	-----	-----	Not eligible	-----	-----	-----	-----
14. Oregon Mutual	-----	-----	Not eligible	-----	-----	-----	-----
15. Progressive Halcyon	383	434	425	387	350	678	547
16. Progressive Northern	307	364	355	315	285	574	449
17. State Farm Fire & Casualty	-----	-----	Not eligible	-----	-----	-----	-----
18. State Farm Mutual Auto	-----	-----	Not eligible	-----	-----	-----	-----
19. United Services Auto Assoc.	-----	-----	Not eligible	-----	-----	-----	-----
20. USAA Casualty	-----	-----	Not eligible	-----	-----	-----	-----
21. Western Protectors	-----	-----	Not eligible	-----	-----	-----	-----

Notes

- All figures are rounded.
- Premiums are for six months, as of Nov. 1, 2002, and changes are likely to have occurred since then. The quotes are included in this guide to demonstrate that premiums can vary widely from company to company.
- Please see Company information, Pages 15-18, for additional information from the insurer.
- Rate comparisons in this guide don't cover all situations and are subject to change without notice. For specific information about rates, contact individual insurance agents or companies.

Price comparisons

Example 4 Lloyd & Linda Lugnut

Lloyd and Linda, both 67, are married. They drive a 1999 Buick Century four-door sedan (6 cyl.) for pleasure. Their annual mileage is less than 7,500. They have had no accidents or moving violations in the past three years.

Insurance company	Bend 97701	Coos Bay 97420	Eugene 97405	Medford 97501	Pendleton 97801	Portland 97211	Salem 97301
1. Allstate Indemnity	-----	-----	Not eligible	-----	-----	-----	-----
2. Allstate Property & Casualty	111	104	125	108	90	161	149
3. American Family Mutual	78	90	82	78	78	138	104
4. American Standard of Wisconsin	-----	-----	Not eligible	-----	-----	-----	-----
5. Country Mutual	128	145	142	128	116	231	175
6. Farmers of Oregon	95	95	102	101	99	181	146
7. GEICO General	127	130	134	127	112	169	143
8. Liberty Mutual Fire	128	144	137	128	125	191	163
9. Mid-Century	-----	-----	Not eligible	-----	-----	-----	-----
10. Mutual of Enumclaw	172	143	176	145	110	259	176
11. Nationwide Mutual	138	144	135	138	126	190	173
12. Nationwide Mutual Fire	128	133	125	128	117	177	160
13. North Pacific	123	130	126	105	94	177	132
14. Oregon Mutual	150	136	140	135	110	202	146
15. Progressive Halcyon	227	252	247	229	211	374	309
16. Progressive Northern	183	217	212	188	169	346	270
17. State Farm Fire & Casualty	128	134	137	128	124	195	165
18. State Farm Mutual Auto	122	128	130	122	119	186	158
19. United Services Auto Assoc.	122	130	130	124	114	154	153
20. USAA Casualty	121	129	129	124	114	153	151
21. Western Protectors	122	110	114	110	90	165	119

Notes

- All figures are rounded.
- Premiums are for six months, as of Nov. 1, 2002, and changes are likely to have occurred since then. The quotes are included in this guide to demonstrate that premiums can vary widely from company to company.
- Please see Company information, Pages 15-18, for additional information from the insurer.
- Rate comparisons in this guide don't cover all situations and are subject to change without notice. For specific information about rates, contact individual insurance agents or companies.

The following companies provided additional information about their rate quotes.

1. Allstate Indemnity Co.

Credit scoring: Allstate uses insurance scores, along with other policy information, in the underwriting and premium-determination processes.

Examples 1, 2, and 4: These risks would be written in Allstate Property & Casualty Co., not Allstate Indemnity Co.

Example 3: A driving record surcharge, certified risk surcharge, anti-lock brake discount, and passive restraint discount have been applied.

2. Allstate Property & Casualty Ins. Co.

Credit scoring: Allstate uses insurance scores, along with other policy information, in the underwriting and premium-determination processes.

Example 1: Sixteen-year-old Ty is assigned as a restricted operator to the 2000 Dodge Caravan. A good-student discount and an inexperienced-operator surcharge have been applied to the Caravan. A passive restraint discount, premier discount, and Tier Factors Discount were applied to both vehicles.

Example 2: The 2001 Ford Explorer received an anti-lock brake discount. A passive restraint discount and Tier Factors Discount were applied to both vehicles.

Example 3: This risk would be written in Allstate Indemnity Co., not Allstate Property & Casualty Insurance Co.

Example 4: A passive restraint discount, premier discount, anti-lock brake discount, and Tier Factors Discount were applied.

3. American Family Mutual Insurance Co.

Credit scoring: American Family does not use credit scoring.

Example 1: The Tire Family received multiple-vehicle and airbag discounts for both vehicles. The Auto and Home Premium Advantage was applied to the 2000 Toyota. Ty was rated as an occasional operator on the 2000 Dodge and a good-student discount was applied.

Example 2: Multiple-vehicle, airbag, and Auto and Home Premium Advantage discounts were applied to both vehicles.

Example 4: The Lugnut family received airbag and Auto and Home Premium Advantage discounts.

4. American Standard Insurance Co. of Wisconsin

Credit scoring: American Standard does not use credit scoring.

Examples 1, 2, and 4: These risks would be written in American Family Mutual Insurance Co., not in American Standard Insurance Co. of Wisconsin.

Example 3: An airbag discount was applied.

5. Country Mutual Insurance Co.

Credit scoring: Country Mutual uses credit scores for new business underwriting eligibility in conjunction with other criteria, as well as for rating. Credit scores are only used on renewal business at the insured's request.

Other notes:

Example 1: The Tire family has been given our multi-line policy discount and the Select Customer Discount. We assumed that Ty Tire has maintained his 3.0 grade point average for at least two semesters.

Example 2: Bill and Barbara Bumper have been given our multi-line policy discount and the Select Customer Discount.

Example 4: Lloyd and Linda Lugnut have been given our multi-line policy discount. We assumed the Lugnuts have completed an approved course of traffic safety, and have given them our defensive-driving discount.

Company information

6. Farmers Insurance Co. of Oregon

Credit scoring: Farmers Insurance Co. of Oregon and Mid-Century Insurance Co. use credit information in the rating process. We use an insurance bureau score developed by Fair, Isaac and Co., Inc. The Farmers Auto Risk Assessment (FARA) code is determined from scores received from Fair Isaac. Associated discounts are given based on a FARA code.

Insurance bureau scores are not used to make acceptability decisions. These scores are used to determine premiums, but are never used as the sole source to determine premiums. Many other traditional pricing factors still are used in conjunction with insurance bureau scores, (territory, vehicle type, driving record, etc.).

Farmers and Mid-Century currently offer several FARA discounts in Oregon. Customers may be eligible for a FARA discount ranging from 4 to 36 percent. The FARA discount was introduced in Oregon in March 2000.

Other notes:

Example 3: Kyle Klutch would be quoted in Mid-Century Insurance Co., not Farmers Insurance Co. of Oregon.

7. GEICO General

Credit scoring: GEICO uses credit in the underwriting process for new business.

Other notes:

Example 3: Kyle Klutch is not eligible for GEICO General, but would qualify for one of the other GEICO companies.

8. Liberty Mutual Fire Insurance Co.

Credit scoring: Liberty Mutual Fire Insurance Co. uses credit scores, in association with other characteristics, in the underwriting and rating of new policies and the underwriting of renewal business.

Other notes:

Example 1: Homeowner and good-student discounts were applied.

Examples 2 and 4: A homeowner discount was applied.

9. Mid-Century Insurance Co.

Credit scoring: Please see Farmers Insurance Co. of Oregon.

Other notes:

Example 3: An additional \$15 fee has been added to the quoted premium for the Financial Responsibility Filing (SR-22) required in this example.

10. Mutual of Enumclaw

Credit scoring: Mutual of Enumclaw uses credit scoring in the underwriting of new business.

11. Nationwide Mutual Insurance Co. and 12. Nationwide Mutual Fire Insurance Co.

Credit scoring: Nationwide uses credit scores as a factor when determining whether to accept or decline a risk. Nationwide does not use credit scores to determine rates in Oregon.

13. North Pacific Insurance Co.

Credit scoring: North Pacific does not use credit scoring.

14. Oregon Mutual Insurance Co.

Credit scoring: We require a minimum score for new business eligibility. Credit history is used in the underwriting renewal process to qualify policyholders who may not otherwise be renewed. Credit history also is used to qualify reinstatement of policies that are canceled for nonpayment. A positive score is often the deciding factor when determining whether to allow reinstatement. Credit history is not a factor in pricing or rating decisions. There are no discounts associated with a consumer's credit history.

Other notes:

Example 1: The Tire family received dual air bag, anti-lock brake, and multi-car discounts. The 16-year-old son was quoted on the higher-rated vehicle (Toyota) and was given a good-student discount.

Example 2: The Bumper family received dual air bag, anti-lock brake, and multi-car discounts.

Example 4: The Lugnut family received dual air bag, anti-lock brake, and defensive-driving discounts for mature drivers.

15. Progressive Halcyon Insurance Co.

Credit scoring: Financial responsibility is part of the initial underwriting to become a Progressive policyholder. In no case is financial responsibility used to deny coverage, cancel, or non-renew a policy. Once a customer has been with Progressive for two years, we may review the policy and reassess financial responsibility in order to determine if the policy is eligible for a better underwriting group. However, we will not make changes that result in a worse underwriting group.

Other notes:

Example 2: Rates were based on a 2001 Ford Explorer XLT (6 cyl.)

Example 3: Kyle Klutch was rated with \$50,000/\$100,000 liability limits due to the DUI. A \$15 SR-22 filing fee is included in the rates, which are based on the DUI occurring one year ago.

16. Progressive Northern Insurance Co.

Credit scoring: Please see Progressive Halcyon Insurance Co.

Other notes:

Example 2: Rates were based on a 2001 Ford Explorer XLT 4 X 2 model.

Example 3: Kyle Klutch was rated with \$50,000-\$100,000 liability limits due to the DUI. A \$15 SR-22 filing fee is included in the rates, which are based on the DUI occurring one year ago. Rates also are based on a 1999 GMC Sierra 1500 4 X 2.

17. State Farm Fire & Casualty Co.

Credit scoring: Credit scores are a component of our underwriting scoring model, which we use for determining underwriting eligibility of new business. We do not use it in our policy-renewal process.

Other notes:

Example 1: We assumed that Ty occasionally drives the Camry and qualifies for a good student discount. We didn't assume that the drivers qualify for a multiple-line discount, which would lower their premiums.

Examples 2 and 4: We didn't assume that the drivers qualify for a multiple-line discount, which would lower their premiums.

18. State Farm Mutual Auto Insurance Co.

Credit scoring: Credit scores are a component of our underwriting scoring model, which we use for determining underwriting eligibility of new business. We do not use it in our policy-renewal process.

Other notes:

Example 1: We assumed that Ty qualifies for a good student discount and occasionally drives the Camry, that the Dodge Caravan qualifies for a new business discount, and that both vehicles are driven more than 7,500 miles annually. We didn't assume the Tire family qualified for a multiple-line discount, which would lower their premiums.

Example 2: We assumed Barbara drives a 1998 Dodge Neon Highline 2-door sedan and that both vehicles are driven more than 7,500 miles annually. We didn't assume the Bumpers qualified for a multiple-line discount, which would lower their premiums.

Example 4: We assumed that all drivers qualify for a new-business discount. We didn't assume the Lugnuts qualified for a multiple-line discount, which would lower their premiums.

19. United Services Automobile Association (USAA) and 20. USAA Casualty Insurance Co. (USAA-CIC)

Credit scoring: A credit score is only ordered on new business and is considered along with other risk factors to determine tier placement.

Company information

21. Western Protectors Insurance, Preferred Customer Program

Credit scoring: We require a minimum score for new business eligibility. Credit history is used in the underwriting renewal process to qualify policyholders who may not otherwise be renewed. Credit history is used to qualify reinstatement of policies that are canceled for nonpayment. A positive score is often the deciding factor when determining whether to allow reinstatement. An insured with tickets and/or losses may qualify for insurance if he or she has a positive credit history. Credit history is not a factor in pricing or rating decisions. There are no discounts associated with credit history.

Other notes:

Example 1: The Tire family received dual-air-bag, anti-lock brakes, and multi-car discounts. Ty was quoted on the higher-rated vehicle (Toyota) and was given a good-student discount.

Example 4: The Lugnut family received dual-air-bag, anti-lock-brake, and defensive-driving discounts for mature drivers.



Actual cash value (ACV)

The market value of your car.

Adjuster

A representative of an insurance company whose job is to determine and “adjust” the amount of a loss and decide how much the company will pay for it.

Binder

An acknowledgment that the insurance for which you applied is in force, whether or not you have paid for it or received a policy.

Cancellation

If you don't pay your premiums, an insurance company can cancel your personal auto policy by giving 10 days' written notice. The company is required to give you 30 days' written notice if it is canceling your policy for any other reason.

Collision coverage

This coverage pays for physical damage caused when your car collides with another car or object or if it overturns.

Comprehensive coverage

This coverage pays for damage to your vehicle not covered by collision coverage, such as fire, theft, or vandalism.

Credit history

Many personal auto and homeowner insurance companies look at consumer credit information to decide whether to issue or renew an insurance policy and how much to charge.

Deductible

The deductible is the amount you agree to pay on each loss before your insurance company pays. Generally, the larger your deductible, the smaller your premium.

Diminution of value

The difference between a vehicle's value before it was in an accident and after it has been repaired.

Financial responsibility law

If a judge convicts you of driving uninsured, you will need to file proof of future financial responsibility with Oregon Driver and Motor Vehicle Services (DMV) for three years or face suspension of your driving privileges. This is in addition to any fines you must pay. Your insurance company can make a financial responsibility filing for you by sending an SR-22 insurance certificate to the DMV to show that you have liability insurance.

Liability coverage

This coverage pays for losses to other people and their property caused by negligence on your part.

Preferred risk

A person less likely than the average person to make a claim. A preferred risk usually qualifies for a lower premium.

Proof of loss

An estimate of damages you provide to an insurance company to support your claim. Insurance companies often use this document to figure how much they will pay.

SR-22

An SR-22 is a certificate from an Oregon-licensed insurance company certifying that you have purchased motor vehicle liability insurance as required by the state's financial responsibility law.

Underwriting

The basic role of an insurance company: examining and accepting or rejecting risks, and classifying the ones that are accepted to determine premiums.

Uninsured motorist bodily injury (UMBI) and Underinsured motorist (UIM) coverage

Coverage for bodily injury to you and your passengers caused by an uninsured or underinsured driver.

Uninsured motorist property damage coverage (UMPD)

Coverage for damage to your auto caused by an uninsured driver, “phantom vehicle,” or a hit-and-run driver.

Insurance publications

A variety of consumer publications are available from the Oregon Insurance Division. You may view these publications on our Web site, or request a copy by:

Mail: **Publications**
Oregon Insurance Division
P.O. Box 14480
Salem, OR 97309-0405

Telephone: (503) 947-7984 or
(888) 877-4894 (toll-free in Oregon)

E-mail: dcbs.insmail@state.or.us

There is no charge for copies of publications, unless otherwise noted. Publications are also available on our Web site, insurance.oregon.gov; click on publications.

- ***Consumer Guide to Auto Insurance***
Compares auto insurance premiums and provides money-saving tips for drivers.
- ***Guía Básica de Oregon para seguro de autos***
Explica los requisitos en Oregon para seguro de autos.
- ***Consumer Guide to Health Insurance***
Provides an overview of health insurance and your health-care rights.
- ***Consumer Guide to Homeowner and Tenant Insurance***
Compares premiums and provides money-saving tips for homeowners and renters.
- ***Consumer Guide to Oregon Insurance Complaints***
Ranks insurers from best to worst, based on the number of consumer complaints to the Insurance Division.
- ***Free Help with Medicare and Other Health Insurance***
Lists local organizations that help Medicare beneficiaries make better health-insurance decisions. Identifies volunteer assistance and volunteer opportunities.
- ***Ayuda Gratuita con Medicare y Otros Seguros para la Salud***
Una lista de organizaciones locales que le ayudan a beneficiarios de Medicare hacer mejores decisiones en cuanto a seguro para la salud.
- ***Oregon Insurance Rights for Consumers***
Describes some important consumer rights that are protected by law.
- ***Oregon Consumer Guide to Medigap and Medicare + Choice Plans***
Compares Medicare supplement policies and explains Medicare + Choice options.
- ***Oregon Insurance Division - Protecting the Insurance-buying Public***
An overview of services provided by the Insurance Division and where to call for answers to common insurance questions.
- ***La División de Aseguradoras - Protegiendo al Público en la Compra de Seguros***
Una síntesis de servicios provistos por la División de Seguros y a donde llamar para obtener respuestas acerca de comunes preguntas de seguros.
- ***A Shopper's Guide to Long-Term-Care Insurance***
Provides an overview of long-term-care insurance, including costs and benefits. Published by the National Association of Insurance Commissioners.
- ***Oregon Long-Term-Care Insurance***
Describes long-term-care insurance and lists providers doing business in Oregon.



In compliance with the Americans with Disabilities Act (ADA), this publication is available in alternative formats. Call (503) 947-7980 or 947-7280 (TTY).

Information in this publication is in the public domain and may be reprinted without permission.



Insurance Division
P.O. Box 14480
Salem, Oregon 97309-0405