

15 Key Factors Used by Car Insurance Companies in Determining Insurance Rates

This Will Help You Understand How Insurance Companies Evaluate You!

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Article by TopInsura.com Insurance Editors:

The main rating factors included or considered by car insurance companies are: geographical location, age, marital status, years of driving experience, driving record, claims history, credit history, previous insurance coverage, vehicle type, vehicle use, miles driven annually, coverage and deductibles

Each rating factor is weighed differently. Your car insurance rates may increase or decrease when there is a change to any of the following risk factors:

- **Location**

Insurers are interested to know whether you live in a city or in a rural area. Living in a metro area will make your rate higher than if you live in a rural area. According to a study made, auto accidents in rural areas are less likely to happen.

- **Age**

Auto insurance companies believed that the younger the driver the higher the rates. This is also true to elderly drivers. Young and elderly drivers are found to pose the most risk and pay more as a result.

- **Driving Experience**

Inexperience drivers pose more risk. Teenagers are the highest in the category of inexperienced drivers and also pay the most because of their age and lack experience are double jeopardy.

- **Gender**

IIHS study revealed that men drive more miles than women and engage in riskier driving behavior. It has also been found out that car accidents involving male drivers tend to be more severe than female drivers. That's why insurers rates on gender are different. Male drivers pay higher rates than female drivers.

- **Claims record**

Insurance companies gather information on what claims you've made with them or previous auto insurers. Auto insurance providers are going to consider you as risky to insure if you've had made three claims in three years. It's either hike up your rates or decide not to renew your policy at the end of the term.

- **Moving Violations**

Moving violations like speeding, DUI, etc on your auto record will result in higher car insurance policy rates. Even a small thing like a speeding ticket can raise your insurance rates with 25-45%!

- **Marital Status**

It has been noted by IIHS that single drivers were twice likely to get involved in an auto accident as compared to married drivers. Some car insurance rates can be from 6 to 17 % lower for married couples. So it's a big advance of bring married in many ways!

- **Driving record**

The driver's way of driving (driving skills) on the road is directly affecting their risk to an insurer. Therefore, drivers who can provide or show proof of good driving skills qualify for better car insurance rates and also a car insurance discount when they sign the contract.

- **Credit history**

Your financial credit rating and history may also have an affect on how your insurance company allows you to pay for your car insurance policy plans.

- **Vehicle type**

The type of car you drive has bearing on your rates since the way in which one drives these types of cars differ. If an insurer's data says that drivers with your model vehicle have been in more accidents or filed more claims then your rates will be higher.

- **Use of vehicle**

Personal use of a vehicle costs less than business use, since those using their car for business purposes have a higher chance of being in an accident due to increasing driving time.

- **Previous insurance coverage**

Insurance companies find that those in coverage are less likely to get into an accident, it then follows that having a continual auto insurance history can help you get a better rate.

- **Annual mileage**

The less you drive, the less risk you have of being in an accident.

- **Car insurance coverage's**

The more types of coverage with higher limits you have, the more it will cost you since the insurer is taking on additional risk by giving you more coverage.

- **Safe Vehicles**

There there could be a discount on your new car insurance if your NEW car is equipped with the latest safety system equipment. Lane assistant, running day time led lights, parking sensors, automatic breaking alerts and front assistance and more can help you get a higher discount on your auto insurance policy.

Final note: I hope you learned something about the insider information car insurance companies will determine the rates and discounts for your next car insurance plans. This article will be updated all the time. Please share this car insurance guide.

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