

**Company Name: DriveSure Auto Insurance**

## **Premium Calculation Rules**

### **Document Name: DriveSure Auto Insurance - Understanding Your Premium Factors**

This document outlines the primary factors DriveSure Auto Insurance considers when calculating your car insurance premium. Our goal is to assess risk accurately and provide fair pricing based on a combination of individual characteristics and choices. Understanding these factors can help you make informed decisions about your policy.

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#### **I. Driver Profile & History**

Your personal driving history and demographic information significantly influence your premium, as they are strong indicators of future risk.

- **A. Driving Record:**
  - **Impact:** This is one of the most critical factors. A history free of accidents, traffic violations (e.g., speeding tickets, DUIs), and past claims typically leads to lower premiums. Conversely, a record with incidents indicates higher risk and will result in higher rates.
  - **Look-back Period:** DriveSure typically reviews driving records for the past 3 to 5 years.
- **B. Age & Driving Experience:**
  - **Impact:** Younger, less experienced drivers (especially teenagers and those under 25) generally face higher premiums due to statistical data indicating a higher likelihood of accidents. Rates tend to decrease as drivers gain experience and mature.
- **C. Location (Garaging Address):**
  - **Impact:** Where you live and primarily park your vehicle affects your premium. Urban areas with higher traffic density, crime rates (theft, vandalism), and accident frequencies typically have higher rates than rural or suburban areas.
  - **Zip Code Specificity:** Premiums are often determined down to the zip code level to reflect local risks.
- **D. Credit-Based Insurance Score (where permitted by law):**

- **Impact:** In many states, a credit-based insurance score is used as a predictor of future claims. Individuals with higher scores (indicating responsible financial behavior) often receive lower premiums, while lower scores may lead to higher rates.
  - **Note:** This is distinct from your credit score and does not impact your credit rating.
  - **E. Marital Status:**
    - **Impact:** Married individuals are statistically less likely to file claims than single individuals, often resulting in slightly lower premiums.
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## II. Vehicle Information

The type of vehicle you drive, its features, and how it's used are key determinants of its risk profile and, consequently, your premium.

- **A. Make, Model, & Year:**
  - **Impact:** Certain vehicles are statistically more expensive to repair, more prone to theft, or have higher rates of severe accidents. Luxury, sports, or high-performance vehicles generally have higher premiums due to higher repair costs, parts availability, and increased theft risk.
- **B. Safety Features:**
  - **Impact:** Vehicles equipped with advanced safety features (e.g., anti-lock brakes, airbags, electronic stability control, advanced driver-assistance systems like automatic emergency braking) may qualify for discounts due to reduced risk of injury or collision.
- **C. Anti-Theft Devices:**
  - **Impact:** Factory-installed or aftermarket anti-theft systems (e.g., alarms, immobilizers, tracking devices) can lead to lower comprehensive coverage premiums by reducing the risk of theft.
- **D. Vehicle Usage:**
  - **Annual Mileage:** Vehicles driven fewer miles annually are typically considered lower risk, potentially leading to lower premiums. High mileage commuters may pay more.

- **Primary Use:** Whether the vehicle is used for pleasure, commuting, business, or ridesharing significantly impacts risk. Business or rideshare use generally carries higher premiums due to increased exposure.
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### III. Coverage Choices & Policy Structure

The specific coverages you select, their limits, and your chosen deductibles directly influence the total cost of your policy.

- **A. Coverage Limits:**
    - **Impact:** Higher liability limits (e.g., 100,000/100,000/ 300,000 instead of 25,000/25,000/50,000) provide greater financial protection but result in higher premiums.
  - **B. Deductibles:**
    - **Impact:** For Collision and Comprehensive coverages, choosing a higher deductible (the amount you pay out-of-pocket before insurance kicks in) will lower your premium. This is because you are assuming more of the initial risk.
  - **C. Optional Add-ons:**
    - **Impact:** Adding optional coverages like Roadside Assistance, Rental Car Reimbursement, Gap Insurance, or New Car Replacement will increase your overall premium, as they provide additional benefits and protection.
  - **D. Discounts Applied:**
    - **Impact:** DriveSure offers various discounts (e.g., multi-car, multi-policy, good student, safe driver program) that can significantly reduce your overall premium. Eligibility for these discounts is assessed during the quoting process.
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**Important Note:** DriveSure Auto Insurance uses sophisticated actuarial models to weigh these factors and determine your unique premium. While this document explains the general rules, the exact calculation is complex and tailored to your specific circumstances. For a personalized quote and detailed breakdown, please contact a DriveSure representative or use our online quoting tool.