

Prevention Capsule



The primary factors influencing auto insurance premium increases

Insurance consumers are empowered when they possess the confidence and understanding needed to make informed decisions about their coverage and effectively manage the insurance process. To facilitate this, policyholders should be provided with clear, concise, and easily understandable information about their policies, including coverage details, exclusions, and limitations.



The primary factors driving Auto premium increases

- Inflation, loss trend, weather events, etc.
- Individual risk level (vehicle age, driver age)
- Type of vehicle (some vehicles are at higher risk of being stolen, others

- are safer than most due to some features in their construction)
- Vehicle use (Uber, transporting goods, delivery, etc.)
- Your geographic location can influence your insurance premiums. (Residing in an urban area, which tends to be more densely populated, inherently poses higher risks, potentially resulting in higher premiums compared to someone living in a rural setting)

“A knowledgeable and conscientious individual who proactively ensures their safety, both on and off the road, is likely to secure the most favorable rates”

Rewards as a Smart and Safe Driver

Someone who meets the following conditions can earn better pricing on their policy:

- Has a clean driving record. This includes no at-fault accidents, or any Criminal Code or major traffic convictions
- Has driving experience. Drivers with more road experience can receive better rates than a newly licensed driver.
- Installs an anti-theft device on vehicle
- Increase deductible. In the event of a claim, even if you have to pay more upfront, you will save money in the long run
- Staying with the same Insurer long-term can reap loyalty rewards
- Pays premiums on time. Contact your insurer in case of financial problems to understand your options and let them know.
- Using winter tires, go get your car checked at least twice a year.

The broker's role in educating the Insured

Brokers or agents play a pivotal role in educating their clients about the reasons behind premium increases, which is essential for fostering transparency, aligning client expectations, and cultivating trust. As intermediaries between insurance companies and clients, brokers and agents assist customers in finding the most appropriate coverage and understanding the nuanced details of insurance policies.

Here are 8 effective strategies for cutting costs on your auto insurance premium:

Insureds benefit from providing detailed information and asking questions to their brokers so they can better support them in navigating the Market conditions.

- **Ask questions** to your brokers or agent. Insureds greatly benefit from receiving thorough information as it allows them to better assist in navigating market conditions. Engage in conversations with your broker or agent regarding your policy to potentially enhance your coverage without exceeding your budget. They can help identify discounts, adjust coverage limits, or explore alternative insurers if beneficial.
- **Provide detailed information** by engaging in conversations with your broker or agent regarding your policy to potentially enhance your coverage without exceeding your budget. They can help identify discounts, adjust coverage limits, or explore alternative insurers if beneficial.
- **Be transparent** about your financial capacity and income, it is key when discussing with your broker when requesting a quote.
- **Review your coverage regularly** and evaluate your actual needs to prevent unnecessary coverage in certain areas, saving cost.

For example: Consider dropping optional physical damage coverage on an older vehicle. As cars age, their market value declines, and repair costs in case of accidents may exceed the vehicle's worth. If you believe it's more practical to cover repair expenses independently or invest in a new vehicle, removing optional physical damage coverage can reduce your premium.

- **Compare your previous year's insurance premium** with your renewal. This enables you to stay informed, avoid unexpected expenses, and ensure your coverage meets your needs and financial goals, empowering you to make informed decisions.
- **Bundle your insurance products.** It can be an efficient way to reduce your premium. Many insurers offer discounts for having multiple products with them, even across different lines of service.
- **Utilize cruise control features** while driving on the highway. It can help reduce instances of speeding and optimize fuel efficiency.
- **Monitor your finances.** Personal credit scores can impact the calculation of your premium. Keeping a healthy credit score can potentially lower your premium.



Want more information? Here are Important Resources

- **AIRB Market and Trends Reports (albertaaairb.ca):** The AIRB publishes an annual Market and Trends Report and expects insurers, brokers and agents to remain current on market events and trends to provide consumers with more information on the market which is affecting their coverage or their premiums.
- **Insurance Basics - Understand How Insurance Works with IBC (www.ibc.ca):** The Insurance Bureau of Canada is a leading industry association, representing most home, car, and business insurance companies. Their goal is to shape policy, advocate for a competitive market, and drive positive change in the insurance industry.

