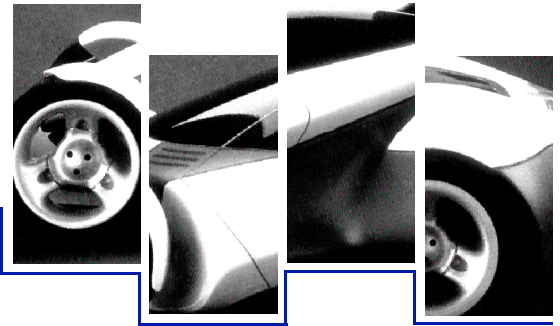


USA FACTS

S U M M E R 1 9 9 6



INSURANCE DISCOUNTS: TRAFFIC SAFETY TIPS

What Is a Discount?

When you insure your vehicle, you enter into a contractual relationship with an insurance company. The company, called the insurer, will issue a policy to you, the insured, stating the terms of the agreement, and charge you a fee (called a premium). The premium is based on the insurance company's assessment of you as an insurance risk. Based on experience, they know that certain situations are less risky than others. For example, a car used for pleasure is less likely to be involved in a crash than one used daily in commuting to work. So, they offer a **discount** for policyholders who do not use their cars

INSIDE

- Traffic Safety Tips
- Leading Companies with Discounts
- Discount Checklist
- Auto Safety Hotline



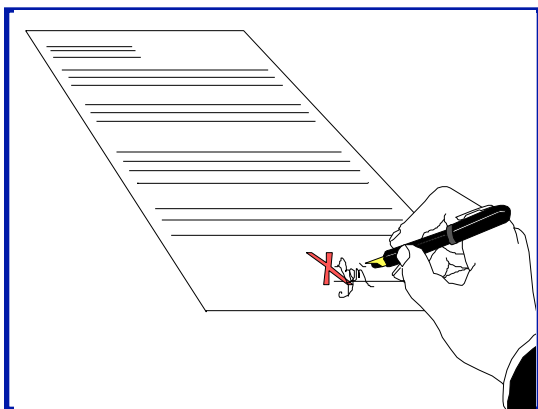
U.S. Department
of Transportation
National Highway
Traffic Safety
Administration

How Can I Get a Discount?

Your premium depends on a variety of factors, including such things as who will drive (sex, age, and driver record), the kind of vehicle (age, make, model), its primary use (work, recreational), and the safety features incorporated into its design (airbags, antilock brakes), and the coverage purchased. Just as these factors will influence your rate, the premium will vary among different insurance companies. In addition, the premium can vary between states because of differences in the ways states regulate them. To find out how it works in your state, you can call a local insurance company or your state's insurance department.

You must take the initiative to call insurance company representatives about the wide-range of available discounts. Be sure to call several companies and compare the cost for the coverage you need. Remember, the representative is assessing the risk that you, as an insured, represent to the insurer.

This fact sheet will give you an idea of the factors which can influence your premium. In the final analysis, what you save will depend on your needs and the insurance company's assessment of their risk. Because insurance



▲ Figure 1. When you insure your car, you enter into a contractual agreement with an insurance company.

for commuting. On the other hand, some circumstances have proven to be a higher risk to the insurance companies. For example, a person who has been involved in several crashes in a short period of time would be a high risk. So, the insurer adds a surcharge to the basic premium.

ABOUT INSURANCE DISCOUNTS

TRAFFIC SAFETY TIPS

policies are **customized** to the individual policyholder, there is no magic formula for getting the best coverage at the best rate.

Discounts for Safety

Many insurance companies offer discounts for cars equipped with automatic restraints such as automatic safety belts or air bags. (Automatic safety belts are called *automatic* or *passive* because no action is required by the occupants to engage the system. Although automatic belts come in a variety of configurations, there are basically two types: motorized and non-motorized. An air bag is

a supplemental system installed in the steering wheel hub. When a frontal or near-frontal collision occurs at speeds approximately 8-12 miles per hour or more, the bag inflates.

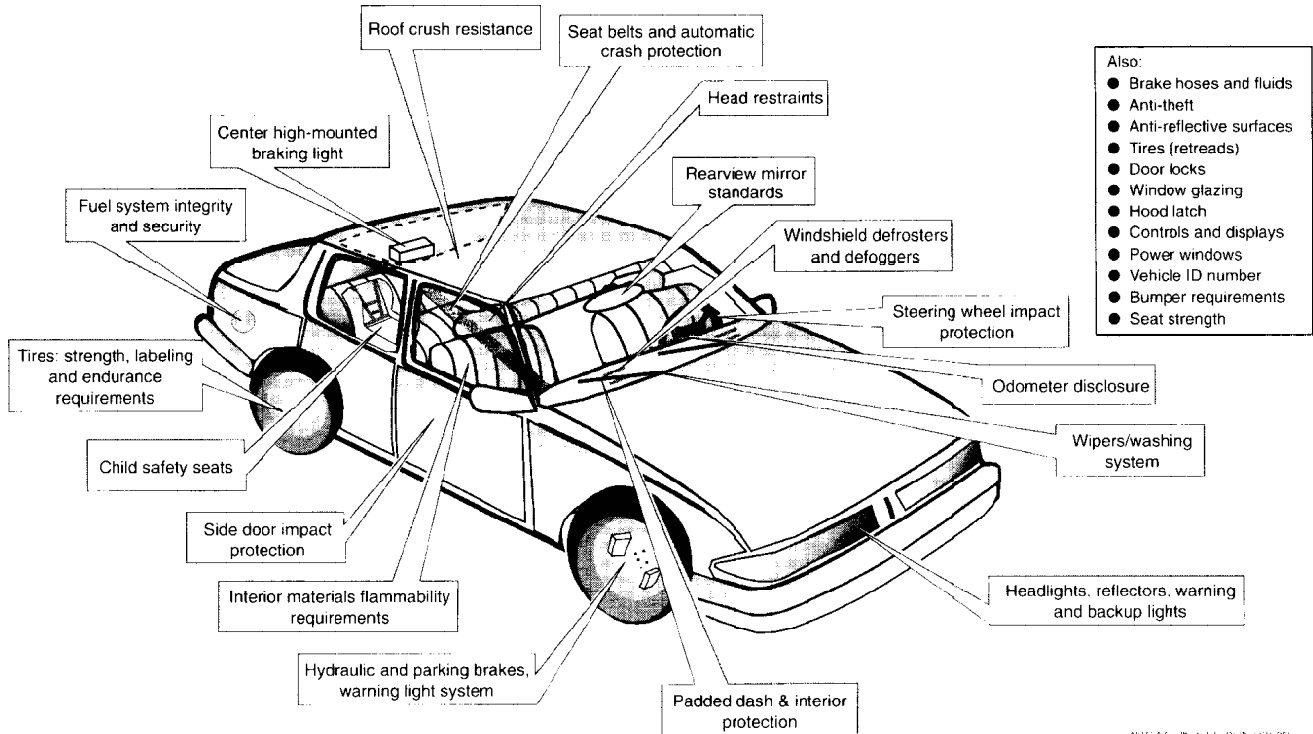
A few companies offer a discount for cars equipped with anti-lock brakes.

Discounts for safety features vary from insurance company to insurance company. Not all insurance companies offer all types of discounts. And, some states have regulations governing safety discounts. Massachusetts, for example, does not allow discounts for automatic belts or

air bags. New York, however, requires all insurance companies to offer discounts for automatic belts or air bags. Other states may have similar requirements.

The chart below lists major auto insurance companies and the discounts they offer for cars equipped with air bags or automatic safety belts. These discounts apply only to the medical portion of the premium. In states with no-fault insurance, the discount applies to the personal injury protection (PIP) portion of the premium. The discount for anti-lock brakes may apply to the bodily injury portion of the policy and result in greater savings than

NHTSA'S MOTOR VEHICLE SAFETY STANDARDS



those that apply strictly to the medical or PIP portion of the premium.

If you buy a car manufactured for sale in the U.S. since

September 1, 1990, it will come equipped with an automatic safety belt or supplemental air bag. It is in your financial best interest to take advantage of the

premium discounts offered because of these safety features. ■

DISCOUNTS CHECKLIST

- Automatic Crash Protection:** Discounts are available for factory-installed automatic safety belts and air bag systems. Some states set the amount of discount an insurer can offer.
- In States With Safety Belt Legislation:** Some states with safety belt use laws require insurers to lower their premiums in anticipation of the savings due to its belt use law.
- Anti-Lock Brakes:** A few insurers offer discounts for factory installed anti-lock brake systems, subject to state restrictions.
- Accident Insurance:** Many insurers offer an additional benefit for accidental loss of life, if at the time of the accident the insured was utilizing an active or passive restraint system.
- Non-Smoker/Non-Drinker:** A few insurance companies offer discounts for drivers who pledge not to smoke or drink.
- Driver Education:** Discounts are generally offered to drivers passing state operated or approved driver education programs.
- Defensive Driving Course:** In certain states, some insurers offer discounts (Arkansas, Delaware, Illinois, Louisiana, New York and Texas) for recent and successful completion of defensive driving training.
- Safe (Good) Driving Record:** Discounts are sometimes available for drivers with either no traffic violations or no crashes over a specified period of time (usually several years).
- Other Insurance Discounts:** Auto insurance discounts are available that are not safety related. Discounts may be available for cars used for pleasure and not driven many miles, and the added insurance premium cost of commuting can be somewhat offset by joining a car pool. If you are a senior citizen, a student with good grades, or a female drivers, you may obtain a discount. Discounts are also available for insuring more than one vehicle with the same company. Lower premiums often apply to cars equipped with alarms or disabling devices such as a fuel cut-off switch.

IF YOU THINK YOUR MOTOR VEHICLE HAS A SAFETY PROBLEM, WE WANT TO HEAR FROM YOU

AUTO SAFETY HOTLINE (800) 424-9393

If you think that your vehicle has a safety problem, you can assist the National Highway Traffic Safety Administration (NHTSA) by completing and mailing back the Vehicle Owner's Questionnaire (VOQ) included with this fact sheet, or calling the Auto Safety Hotline.

The toll-free Hotline number, (800) 424-9393, can be reached from anywhere in the United States. If you are calling from the Washington, D.C. metropolitan area, the number is (202) 366-0123. A Spanish-speaking operator is available weekdays from 8 a.m. to 4 p.m., Eastern time. The Hotline is available to the hearing impaired through a teleprinter (TTY) number, (800) 424-9153. In the Washington, D.C. area the TTY number is (202) 366-7800.

If it is determined that a safety defect exists, the manufacturer

has to fix the problem at no cost to the owner.

If there are any documents relevant to your case, including copies of repair bills and letters to the manufacturer, attach them to your completed VOQ.

If you are not sure of any information requested in the VOQ, leave the box blank. But we must have the Vehicle Identification Number (VIN) to process your questionnaire. The VIN is a 17-digit number that can be seen through the front windshield on the driver's side of the dash-

board. When reporting a tire problem, the DOT identification (located on the sidewall) is needed.

The VOQ asks if you authorize NHTSA to provide a copy of your report to the manufacturer. If so, check YES on the VOQ and sign and date it. When we send the report to the manufacturer, it often results in a satisfactory solution of individual problems. But NHTSA cannot order corrective action unless the vehicle or item of equipment is determined to have a defect and a safety recall campaign is conducted.

Check out our home page for information on a variety of vehicle safety topics.
<http://www.nhtsa.dot.gov/>



