

PRESS RELEASE

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2002-02
For Immediate Release
April 10, 2002

Department of Insurance Can Help Consumers Shop for Auto Insurance

The Arizona Department of Insurance offers valuable tools to help consumers understand automobile insurance products and to be informed shoppers who can take advantage of competition for their business.

The Department just issued the latest edition (Spring 2002) of its "Automobile Premium Comparison Survey". In addition, the Department publishes "A Consumer Guide to Automobile Insurance".

The Automobile Premium Comparison Survey

"More than 130 insurance companies actively sell personal automobile insurance in our state, and there is a wide range of products and prices available. This competition among auto insurance companies in Arizona is good for insurance consumers," said Director of Insurance, Charles R. Cohen. "We publish the Auto Premium Comparison Survey to illustrate the wide range of companies and prices available in the automobile insurance market to encourage consumers to comparison shop and to give them the opportunity to turn the competition to their advantage."

There are four components to this publication which make it useful. First, premiums are quoted by 69 insurers for 12 hypothetical insureds of various ages (ranging from age 21 to 79), driving records and vehicle use, and for 10 cities throughout the state. Approximately 90 percent of the personal automobile insurance market in Arizona is represented by the 69 insurers that provided price quotations contained in this 17-page publication. Price quotes are for drivers who live in Phoenix, Scottsdale, Mesa, Glendale, Tucson, Casa Grande, Flagstaff, Nogales, Safford, and Yuma.

By finding the hypothetical driver that most closely matches your circumstances, then picking the city closest to your residence, a consumer can get an idea of how different insurers might price a policy for a similarly situated driver. Of course, the actual rates will depend on your individual situation.

The publication also includes information describing basic insurance coverage. "Insurance is a complex financial product. The complicated verbiage of an insurance policy can be challenging," said Cohen. "That's why we include a summary of the different kinds of auto insurance coverages in this publication. It provides fundamental information about an automobile insurance policy to help consumers better understand the product for which they are shopping. It is easier to compare the product from one insurer to another if you are familiar with the various policy features. "

Third, the publication provides the phone numbers for each insurer listed, giving consumers a starting place to make inquiries about coverage.

It is important for consumers to consider service as well as price. Therefore, the final component of the publication is *complaint ratios*. The semi-annual premium comparison publication now includes specially developed auto insurance complaint ratio information for each insurer listed. Complaint ratios are one indicator of customer satisfaction. The complaint ratios represent the total number of written complaints regarding auto insurance received by the Department for each 1,000 exposures an insurer has in force in Arizona. It is important to note that the complaint data contained in this publication do not reflect a determination by the Insurance Department regarding the merits of each complaint. The Department receives many complaints each year but not all complaints prove to be justified upon investigation. However, the ratios are useful when viewed in comparison to each other and to other relevant information about the insurer and its products.

A Consumers Guide to Automobile Insurance

This pamphlet contains essential tips on how to shop for insurance, including what money saving discounts to ask about, explains why people should buy automobile insurance, what kinds of coverage are required, and what to do if you cannot obtain insurance.

Other Tips

"While the information contained in the survey is helpful for prospective insurance purchasers, I strongly recommend that consumers ask their professional insurance producers about coverage details," Cohen said. "As always, consumers should read the insurance policy, and should not hesitate to ask questions."

There are limited reasons for which an insurer is permitted to cancel or non-renew an auto insurance policy under Arizona law. However, consumers should be aware that when you buy a new auto insurance policy or switch to a new insurance company, the auto insurer may cancel the policy for any reason within the first 60 days after the policy becomes effective. Therefore, it is important for shoppers to be accurate and thorough when applying for auto insurance so that the insurer and insurance agent can correctly determine the premium and eligibility for the coverage.

Both of the publications referenced are free and are available in English and Spanish on the Insurance Department's web site at www.state.az.us/id or by calling (602) 912-8444 in Phoenix, (520) 628-6370 in Tucson, or statewide 1 (800) 325-2548.