



## **Insurance Tips**

### **Use of Credit When It Comes to Auto Insurance:**

Maryland law states that an insurer may not refuse to underwrite (that is to insure), refuse to renew, cancel or increase the renewal premium based, in whole or in part, on the credit history of the insured or applicant. However, an insurer may use credit history to rate a new policy. This means that the decision to place you with an affiliated insurer, assign you to a specific tier within an insurer, or to add or remove a discount based on your credit score when you first obtain insurance with the insurer, is authorized by law.

When a person initially applies for an auto insurance policy, the insurer may consider an applicant's credit history when determining the premium to be charged. If the insurer considers your credit history, it can only rely upon credit factors that occurred within the previous five years. Additionally, the insurer or insurance producer (also known as an agent or broker) must advise you, at the time of your application, that your credit history is being considered, and if you request it, provide you with a quote that separately identifies the portion of the premium that is affected by your credit history.

Once the policy is effective, your premium cannot be increased if your credit score worsens. However, if your credit score improves, that may help lower your premium at renewal. Insurers that use credit are required to obtain new credit scores every two years, and you will automatically receive the benefit of an improved credit score if the new report shows an improvement. However, if you believe your score improved, you may request the insurer to check it even if the two-year period has not passed. You are entitled to request the insurer to check your credit score once during any policy period.



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## **Licensed Drivers in Your Household**

An insurer is allowed to collect premiums in accordance with its filed rating rules for all licensed drivers (including those with learner's permits) residing in the policyholder's home, unless the driver has been specifically excluded from the insurance policy. While your policy generally provides liability coverage for you and any driver that is not specifically excluded, your policy's collision and comprehensive coverage may not be available if an accident occurs involving an undisclosed driver who is living in your home even when the driver has a reasonable belief they are permitted to use your vehicle.

Whether your policy will provide coverage for damages resulting from an accident involving a licensed driver that lives in the policyholder's home, but who is not listed on the policy, depends upon the specific language of your policy. Auto policies may contain language that excludes collision or comprehensive damage coverage involving a claim where a licensed driver who is a resident of your home has not been disclosed to your insurer, even if the driver has your permission to drive your vehicle. It is important that you notify your insurer of all licensed drivers living in your home to protect yourself in the event of an accident involving a driver that lives in your home, even if that individual has their own car and insurance policy.

Contact your insurer or insurance producer if you have any questions about disclosure of licensed drivers in your home.



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## **What You Need to Know Before Canceling Your Auto Insurance**

- ✓ Before cancelling your auto insurance, you will have to return your tags to the Motor Vehicle Administration (MVA). You can return the tags by mail, or by dropping them off at an MVA branch, a MVA provided kiosk, or a MVA authorized tag and title agent. For more information about how to return tags, forms, and to request a refund of any registration fees, if applicable, visit the MVA's plate return webpage, <https://mva.maryland.gov/Pages/license-plate-return.aspx>. Once you have received confirmation from MVA that the tags are returned, you may contact your insurer and ask that they cancel your policy effective the date the tags were returned.
- ✓ If you cancel your insurance while still in possession of your tags, the MVA may impose a fine for being uninsured of \$150 for the first 30 days and \$7 a day (per vehicle) thereafter until you either reinstate your insurance or turn in the tags. As long as you possess tags, you must carry liability insurance in the amount of the required state minimums.
- ✓ If you have a vehicle loan, the lender may require you to maintain comprehensive and collision coverage on the vehicle. If you fail to do so, the insurer may notify the lienholder who in turn will obtain a forced place policy. These policies are usually very expensive and the cost will be added to your monthly car loan payment. Ask your finance company if they will still require you to carry this coverage. Some insurers will allow you to drop the liability coverage required by the MVA but still continue your comprehensive and collision coverage. Speak with your insurer or insurance producer to learn if this is possible.

## How Can I Save Money on My Auto Insurance?

Since many insurers offer discounts, it is a good idea to ask your insurer or insurance producer about any available discounts before purchasing or renewing your auto insurance policy. Not all insurers offer the same discounts, but some of the most common ones include:

**Good driving record** - Insurers may consider traffic accidents and traffic violations that have occurred in the past three years in determining what to charge you. If your driving record is less than perfect, then you may be considered a higher risk and might pay a higher premium.

**Safety devices** – Frequently, discounts are offered for devices that limit bodily injury or property damage caused by accidents. Such devices can include anti-lock brakes, automatic safety belts or air bags.

**Anti-theft devices** - Car alarms and other theft-deterrent devices may also result in a discount.

**Multiple policies** - Although an insurer cannot require you to buy a homeowners insurance policy when you purchase an automobile insurance policy, some insurers offer discounts to policyholders who purchase both automobile and homeowners policies. In addition, insurers may offer discounts if you have more than one vehicle insured with the insurer.

**Good student** - Many insurers offer discounts to students who maintain at least a B average.

**Driver Education Courses** - Many insurers offer discounts for the completion of a driver education course.

**Renewal Discount** - Some insurers offer a discount to policyholders who have maintained continuous coverage with the insurer for a specified number of years.

**Memberships or employment discounts** - Insurers may offer discounts to members of certain organizations such as credit unions, shopper's clubs or alumni associations. You also may be eligible to receive a discount through your employer.

**Review your deductible** - The deductible is the amount you agree to pay in the event your vehicle is damaged. Raising the deductible on your policy generally will decrease your premium. If you select a high deductible, you will pay more money out of pocket for any damage; however, your insurance premium generally will be lower.

**Consider whether you want to maintain comprehensive and/or collision coverage** - If your vehicle is older and has been paid off, you may want to consider reducing or removing these coverages to reduce your premium. However, if you drop these coverages and your vehicle is damaged in an accident that you cause, or if it is stolen, vandalized or you collide with an animal, you must pay for the repair.

**Compare the premium you are paying to what another insurer might charge you** - Refer to our *Automobile Insurance: A Comparison Guide to Rates* at [www.insurance.maryland.gov](http://www.insurance.maryland.gov).



The Maryland Insurance Administration (MIA) is the state agency that regulates the business of insurance in Maryland. If you want to learn more about auto insurance, the MIA's Consumer Guide to Auto Insurance is a good first step, <https://insurance.maryland.gov/Consumer/Documents/publications/autoinuranceguide.pdf>.

If you feel that your insurer or insurance producer acted improperly, you have the right to file a complaint. The MIA can investigate complaints that an insurer or insurance producer has:

- Denied or delayed payment of all or portions of a claim
- Improperly terminated your insurance policy
- Raised your insurance premiums without proper notice or in excess of what the law allows
- Made false statements to you in connection with the sale of insurance or the processing of insurance claims
- Overcharged you for services, including premium finance charges

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