

OAI Explains the Particulars of Auto Insurance Premiums

In a new FAQ, the Online Auto Insurance writers explain what a premium is and give an idea of how it is calculated.

Online PR News – 08-December-2010 For most Americans, having auto insurance means nothing more than finding the lowest rate for adequate coverage, paying the bill and praying that they won't have to use what they pay for. But in contrast, years of industry experience have resulted in an extremely complicated process that is used to determine a prospective policyholder's cost of coverage, also known as the premium.

Unfortunately, one of the most common of the many [car insurance questions](#) asked in recent years has been, "Why has my premium gone up?" And just as unfortunately, there is no one-size-fits-all answer to this question.

The final premium that a driver gets charged is based on both the risk factors that are associated with him or her — which are based on the claims history of the individual and his or her demographic group, the type of vehicle driven and geographic location — and with business factors associated with the insurance company. So when a premium goes up or down, it could have been because of changes in any of these factors.

Among small changes made on the policyholder's side that can affect premiums are getting into an accident and consequently posing a higher risk to an insurance company, buying a new vehicle with higher- or lower-than-average claims costs, or moving to an area with more traffic and higher rates of claims.

Source: <http://www.cga.ct.gov/2006/rpt/2006-R-0542.htm>

On the insurer's side, a period in which claims have far exceeded projections or in which internal costs have escalated may necessitate a rise in premiums for certain pools of drivers.

To get a more detailed picture of how premiums are calculated, readers can go to <http://www.onlineautoinsurance.com/learn/> where visitors will find the full FAQ as well as a free quote-comparison generator that can be used to track down the lowest rates.

Media Information

Benjamin Zitney

ben@onlineautoinsurance.com

<http://www.onlineautoinsurance.com>

9431 Haven Ave. #201

Rancho Cucamonga

CA

91730

United States