

## Learning Community Research Assignment

This is a project that you will be working on for all classes that you have in the Learning Community.

**READ 0308:** Research a topic (group activity) and write an outline (individual). We will be going to the library on Friday, October 11 to learn about conducting research on the Internet. The outline will count as a test grade and will be due on October 25, 2002.

**ENGL 0310:** Write a composition (600-1000 words) based on your research and outline.

**MATH 0300:** Construct graphs/charts and compile statistics to represent mathematical data that you find while doing the research.

**ITSC 1301:** Prepare and present a PowerPoint presentation with the information and statistics you have collected.

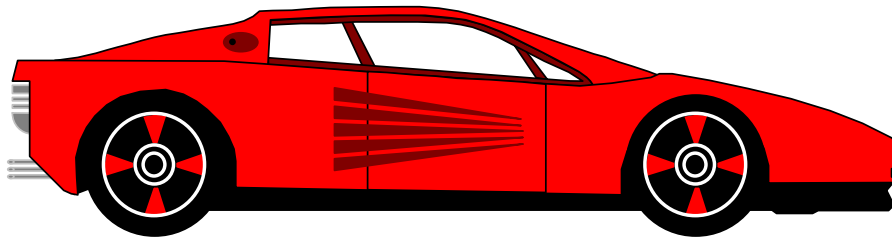
### Possible Topics:

- Health/Car insurance
  - Problems
  - Compare/contrast companies, costs, policies, and/or plans
- Education Issues
  - Teacher shortage
  - Standardized testing (pros and cons)
  - Costs
  - Problems
- Sports
  - Compare/contrast athletes' salaries in baseball, football, basketball
  - Compare/contrast popularity of various sports in the U.S.
- Border Issues
  - Problems
  - Post 9/11 effects
  - Advantages/disadvantages
  - Compare/contrast El Paso with other major Texas cities: demographics, salaries, environment, quality of life, etc.
- Technology
  - Compare/contrast cell phone companies
  - Internet use: pros/cons, time spent, numbers/types of people using it

# CAR INSURANCE

By Elizabeth Aguirre

Learning Community Research Assignment  
**ENGL 0310**



**Thesis statement: The rates of car insurance in Texas are determined by many factors, and people can decrease the rates.**

**I. Elements that determine the rate**

- A. Model and age of the car
- B. Number of vehicles covered by the policy
- C. Driving record
- D. The county where you live
- E. How you use your car
  - 1. Business drive
  - 2. Driving to from work
  - 3. Just errands and pleasure
- F. Claims history
- G. Age
- H. Occupation
- I. Credit History
- J. Marital Status
- K. Residential stability

**II. Typical Drivers**

- A. Driver "A"
- B. Driver "B"
- C. Driver "C"
- D. Driver "D"

**II. Automobile rates according to the type of owner (cost for one year)**

- A. All State Ins. Co.
  - 1. Owner "A" premium rate
  - 2. Owner "B" premium rate
  - 3. Owner "C" premium rate
  - 4. Owner "D" premium rate
- B. Farmers Ins. Co.
  - 1. Owner "A" premium rate
  - 2. Owner "B" premium rate
  - 3. Owner "C" premium rate
  - 4. Owner "D" premium rate
- C. GEICO Ins. Co.
  - 1. Owner "A" premium rate
  - 2. Owner "B" premium rate
  - 3. Owner "C" premium rate
  - 4. Owner "D" premium rate
- D. Nationwide Ins. Co.
  - 1. Owner "A" premium rate

2. Owner "B" premium rate
  3. Owner "C" premium rate
  4. Owner "D" premium rate
- E. State Farm Ins. Co.
1. Owner "A" premium rate
  2. Owner "B" premium rate
  3. Owner "C" premium rate
  4. Owner "D" premium rate

**III. Steps to lower auto-insurance cost**

- A. Raise your deductible
- B. Drop collision on older cars
- C. Buy the cheaper-to-insure car
- D. Get safety devices
  1. Air bags
  2. Anti-lock brakes
- E. Take a driver safety course
- F. Be a safe driver

- V. Conclusion:** People should take advantage of this information because it may be their best chance of obtaining affordable auto insurance or lowering the rates.

In this state, the law requires proof of financial responsibility for anyone who drives an automobile. For most people this means they must carry, at least, liability insurance on their car. Many of them have been paying thousands of dollars on their auto insurance policies because they don't know how the rates are determined. However, they can lower these high rates by understanding how these rates are determined and comparing from different companies.

There are some elements that determine the rate. One is the model and age of the car. For instance, if the car is brand new or a sport car, the cost is going to be a little bit higher than if it is a few years old sedan. The number of cars you have in your policy is another element to determine the rate. The first car is going to cost regular price, but if you have a second one, you will pay less. Another factor is the driving record. Applicants could be denied if they don't have at least 3 years of driving experience. The number of years varies by insurer up to a maximum of 14 years. Also, how you use your car is considerable for the insurer. For example, the rate is not the same when you use your car for business, or to drive to and from work, or to drive only for pleasure. Claims history is another element to determine the rate. In most of the cases, the rate you have to pay is higher when you have made a claim, or have been involved in a claim for an accident. Your age is important for the insurer. The rates are classified by age. Generally, some insurers refuse to cover young drivers, with some exceptions for those who are covered on their parents' policy, or by older drivers. The occupation of the applicant is an element too. Some insurers allow certain occupations or professions to have more blemishes on their driving/claim record. In most cases, the credit history is decisive for the insurer.

*“Financial stability is an extremely powerful predictor of future losses,”* said Counsel Steven Sheffey of All State Corp., the No. 2 car insurer. *“It helps us write insurance, we can keep the cost of insurance less, and we also have a more fair underwriting structure.”*(Carpenter) Some applicants could be denied because of their bad credit history. In addition, the insurer considers the applicant’s marital status. They ask for specific information such as widowed, divorce, separated, although the rating manual only distinguishes between married or not married.

The automobile policies are divided into the following categories. Driver “A” that is for an adult male between age 25 to 64 years or a female between age 21 to 64, with no at fault accidents or major traffic convictions, and drives to and from work. Driver “B” that is an adult male between age 25 to 64 years or a female between age 21 to 64, with no at fault accidents or major traffic convictions, and drives for pleasure and errands only. Driver “C” that is a single male under the age of 21 with no at fault accident or major traffic conviction. Driver “D” that is a single female under the age of 21 with no at fault accidents or major traffic convictions.

The following table presents an idea of the rates according to the type of owner and the cost for one year:

<b>Insurance Companies</b>	<b>Owner “A” Premium Rate</b>	<b>Owner “B” Premium Rate</b>	<b>Owner “C” Premium Rate</b>	<b>Owner “D” Premium Rate</b>
<b>All State</b>	\$883	\$773	\$2433	\$1865
<b>Farmers</b>	\$849	\$743	\$2327	\$1784
<b>GEICO</b>	\$770	\$874	\$2103	\$1613
<b>Nationwide</b>	\$712	\$823	\$1953	\$1497
<b>State Farm</b>	\$763	\$665	\$2132	\$1632

Auto insurance is required by law, and because it could cost you a lot of money, you can take measures to lower auto-insurance cost. First, raise your deductible. Increasing your deductible from \$200 to \$500 could save you 15 to 30 percent on your collision and comprehensive coverage. Another way is to consider dropping collision coverage if your car is more than 4 years old or worth less than \$4,000 because insurers will not pay more than the depreciated value of your car. Also, buy the cheaper to insure car. If you are choosing between two cars that are the same price, check with your insurance agent to see which one is less expensive. Moreover, getting air bags, passive restraining devices and anti-lock brakes could get up to a 30 percent discount with most insurers. In addition, by taking a driver safety course every couple of years, you could get up to 15 percent discount off the liability portion of your policy. Finally, be a safe driver. Nothing will cause your premium to soar more than a ticket for careless driving.

In my opinion, automobile insurance should be more affordable; so more people can buy it to comply with the state law, which requires that every individual who drives a car must have car insurance. One statistic that should alarm us every time we get behind the wheel is that from 30 to 60 percent of drivers do not routinely keep insurance on their vehicles. These drivers should take advantage of the information previously presented because it may be their best chance of obtaining affordable auto insurance.

### Works Cited

Carpenter Dave. "Auto Insurers are Using Credit History to Set Rates." El Paso Times 21 July 2001:A1

"Get Tough on Uninsured Drivers." El Paso Times. 4 May 1999:A2

**Insurance Council. On line Internet, September 21, 1999**

<<http://www.opic.state.tx.us/autoguide.html>>

Kirk Lt. Harry. "Take Steps to Lower Auto-insurance Cost" El Paso Times. 16 July 1998:N8

"Texas Department of Insurance." Texas Dept. of Ins. Benchmark Rates. Texas Auto Rate Guide. February 8, 2000.  
(1-800-252-3439)