



Call, Write or Visit

The South Carolina Department of Insurance

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## Assistance From the South Carolina Department of Insurance

If you do not receive a prompt, courteous and satisfactory response to your inquiry from your insurance company, you may need the assistance of the South Carolina Department of Insurance. The division of Consumer Services can provide general information on the laws regarding cancellations, non-renewals and refusals to write. It can also provide claims and coverage information to consumers.

The South Carolina Department of Insurance will:

- Thoroughly investigate your complaint.
- See that you receive a response to your inquiry.
- Answer any questions about what the insurer is required to do under South Carolina law.

The South Carolina Department of Insurance cannot:

- Provide legal advice.
- Force a favorable action if your complaint is not supported by facts and laws.



# Auto Insurance

## Facts and Tips

from the South Carolina Department of Insurance

### Why Should I Buy Auto Insurance?

South Carolina law allows eligible consumers to legally drive uninsured. However, if you drive legally uninsured and cause an accident, you may be responsible for the losses of the other person (s) involved.

A claim may be filed against you for those losses. You may have to pay not only for the property damage you cause, but also for the medical expenses, wages, and pain and suffering of any injured person (s).

Auto liability insurance coverage is designed to protect you from personal liability for these types of losses. Liability insurance also pays for an attorney to defend you against any claim or lawsuit filed against you.



During the past few years, important changes have been made to auto insurance in South Carolina in an effort to lower the costs of insurance for South Carolina drivers.

### Overview of South Carolina's Auto Insurance Laws

#### KNOW THE LAW

**1) ANY** eligible consumer may legally drive uninsured in South Carolina by paying an annual fee of \$550 to the Department of Motor Vehicles.

However, if that consumer is involved in an accident, he/she will be personally liable for damages caused to the property or person (s) of the other vehicle and any passengers in his or her own car.

**2) CONSUMERS** have to provide proof of insurance or authorization to legally drive uninsured upon the request of law officers.

**3) INSURERS** no longer have to insure all vehicle owners regardless of risk. An insurer may refuse to write auto insurance, but cannot base the refusal on income level, race, creed, national origin, ancestry, marital status, or lawful occupation, including military service.

**4) THE** South Carolina Associated Automobile Insurers Plan (SCAAIP) provides insurance to eligible South Carolina consumers who are unable to obtain coverage from private companies.





If you are turned down for insurance...

Contact your agent or insurance company immediately if

- You believe that the company has improperly refused to issue or renew a policy.
- It is your right to question that company's decision and to file a complaint with the agent, company and the SC Department of Insurance.
- Keep copies of all information for your files.
- Keep a written record of the dates and times of your conversations.
- You are entitled to an explanation of the reasons for refusal or non-renewal.
- If you are turned down by one company, try another. Do not assume that you will be turned down by all companies.
- If you are unable to obtain auto insurance from any insurance company, any agent certified by the SCAAIP can obtain insurance for you through the SCAAIP. This is a market of last resort, therefore the premium will be higher. You will also be required to meet certain eligibility criteria to obtain this coverage.



## Your Consumer Rights...

**It is important to know your rights:** South Carolina law prohibits an insurance company from refusing to issue an automobile policy solely for discriminatory reasons that include income level, race, creed, national origin, ancestry, marital status, or lawful occupation, including military service.

If you are refused automobile insurance for one of the reasons listed above and for no other reason, the actions taken by the insurance company may violate South Carolina law.

If your policy has been in effect for 90 days or more, the insurance company cannot cancel your policy for the remainder of the policy term unless you fail to pay the premium on time or you or any operator in your household who customarily operates your automobile has had their license suspended or revoked.

If the insurance company cancels or non-renews your policy, they must give you notice, in writing, of the reasons for the cancellation or non-renewal of your coverage. The notice must tell you that you have the right to appeal the decision to the South Carolina Department of Insurance (DOI) and must inform you of the availability of other insurance through another insurer.

An insurance company cannot non-renew your automobile insurance policy solely on the basis of any *one* of the following factors:

- Lawful occupation, including military service;
- Lack of driving experience or the number of years of driving experience;
- One or more accidents or violations that occurred more than 36 months immediately preceding the upcoming anniversary date;
- One or more claims submitted under the uninsured motorists' coverage of the policy where the uninsured motorist is known or there is evidence of physical contact;
- One claim by an insured under the medical payments coverage or medical expense coverage due to an accident for which the insured was neither wholly nor partially at fault;
- One or more claims submitted under the comprehensive or towing coverages under certain specific conditions;
- Two or fewer motor vehicle accidents within a 36 month period unless the accident was caused either wholly or partially by the named insured a resident of the same household, or customary operator.

Insurers may refuse to renew policies for false or fraudulent claims. An insurance company may also modify comprehensive and towing coverages at the time of renewal.

### ***What to do if your policy is cancelled or non-renewed***

Within 15 days of your receipt of the notice of cancellation or non-renewal, you or your attorney may request in writing to the South Carolina Department of Insurance a review of the action taken by the insurance company. The Department will determine if the insurer's cancellation or non-renewal complies with South Carolina law.

If the Department finds that the cancellation or non-renewal violated South Carolina law, the Department notifies the company and the policy holder that the cancellation is not effective. However, the Department cannot substitute its judgment for that of the company as to the underwriting of the policy. South Carolina law also requires that the insurance company inform the policy holder in writing if the rate level they are charging is higher than the lowest rate for that Insurance company.



## How to Shop Around

Since the removal of the mandate to write automobile insurance in South Carolina, many insurance companies have entered the market. This means increased competition and more companies to choose from when purchasing auto insurance. The most important thing for a consumer to do is to shop around for insurance.

The rates charged for auto insurance are competitive. This means that different insurance companies are charging different prices for auto insurance. Choosing your auto insurance company is much like choosing any other product. Price is important but it is not the only factor that should be considered. Before purchasing automobile insurance coverage, you should contact a number of agents to find the best combination of service and price for your insurance needs.

1. It is important to know how much insurance you need. If you know what you need, you are less likely to purchase unnecessary coverages.
2. Call several agents or visit them on-line and ask them to provide you a quote on how much the premium will be for the amount of coverage you are seeking.
3. Once you have narrowed your search to the companies with the best range of prices, you should consider each company's reputation for financial stability, policy holder service, underwriting practices and claims handling practices. Service is difficult to measure, so ask friends what company they use and visit the Department's website, [www.doi.sc.gov](http://www.doi.sc.gov) to learn more about a company.

## Information You Will Need To Provide

When shopping for automobile insurance coverages, it is important that all shoppers be prepared to provide the following information to each insurance agent or company in order to receive an accurate and complete quote:

1. Complete description of vehicle
2. Description of how the vehicle is used
3. Your driver's license number and driver's license numbers of all licensed drivers in the household
4. Driving record information for yourself and all customary operators
5. Accident claims information for each driver
6. Type of coverages and limits needed
7. Collision and comprehensive deductible amount
8. Proof of ownership of vehicle
9. Proof of continuous or prior insurance.

## HELPFUL TIPS...

Different insurance companies charge different rates for the same coverages. When comparing different companies, you will want to remember the following tips:

- 1) Compare premiums for each coverage, then compare the total cost for each policy.
- 2) Ask about discounts and what is required to qualify for them (e.g., Homeowners, renter's insurance, life health, multi-car, good student and safe-driver).
- 3) Consider if you only need liability coverage; i.e., if your vehicle is 10 or more years old and you can afford to repair or replace your vehicle, you may want to drop collision and comprehensive coverage. It may save you money.
- 4) Ask about other discounts that are available (e.g., air-bag, automatic restraint systems, anti-theft devices).
- 5) Start shopping around at least 45 days before your policy is up for renewal.
- 6) If your policy is cancelled or non-renewed, begin shopping around as soon as you receive the notice from the insurance company,
- 7) Your credit history can be a factor in determining rates.