



## The Oregonian

### Driven to choose

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#### **Allstate offers a new plate of extras for its auto policies, and consumers should try to figure cost and benefit**

Allstate Insurance is breaking new ground in Oregon with auto insurance that lets drivers pay extra for options such as "accident forgiveness."

Sort of like Monopoly's "Get Out of Jail Free" card, the forgiveness option promises not to raise your premium solely because you have an accident that was your fault. (Accidents that aren't your fault are not subject to such surcharges, anyway.) Other options will knock 5 percent off your premium and gradually reduce your deductible as rewards for safe driving. Another choice covers you for the replacement -- not depreciated -- value of your car if it's totaled in an accident.

Oregon was first place in the nation to test drive Allstate's new Your Choice Auto plans in December, and they've already been a hot seller, says David Schwartzer, assistant field vice president for the company's regional office. The plans now are sold in Utah and Tennessee, too, with more states to follow.

Market segmentation is the name of the game in auto insurance, where companies assign risk and charge premiums by age, car model, driving record, location and even credit history. But Allstate is taking it to new heights with these offerings, which seem designed to attract affluent customers, then lock them in for life.

Before you bite, though, try to weigh the cost of the extras against the chances you'll need them. The average driver has an accident claim just once in 10 years, according to a spokesman for State Farm, which writes the most car insurance in Oregon.

Allstate's line-up looks like this. All premium quotes are for six months.

**Standard policy.** This is the baseline, the policy you may have now, which covers liability, personal injury and uninsured motorists. You can opt for collision and comprehensive insurance, towing, rental reimbursement or extra coverage for fancy sound systems. You earn accident forgiveness for one accident after five years of safe driving. The six-month policy premium depends upon the list of variables mentioned above, but averages about \$325 in Oregon, Allstate says.

**Value plan.** Same as standard, but saves you 5 percent on your premium because of required participation in monthly automatic payment plan. Average premium drops to \$309.

**Gold plan.** Waives premium increase for first accident. Without accident forgiveness, you'd pay a \$30 to \$50 surcharge, depending upon the policy. Safe driving reward immediately subtracts \$100 from your deductible and \$100 more is removed for each year of safe driving, up to a \$500 reduction. Average premium is 7 percent higher than standard, or \$348.

**Platinum plan.** You get the gold plan plus forgiveness for multiple accidents and a safe driving bonus that rewards you with as much as a 5 percent credit on your next premium renewal. Average premium is 15 percent more than standard, or \$374.

Other options. Policyholders with gold or platinum plans can buy expanded new-car protection for \$5 to \$10 additional premium. It covers replacement value of new cars for as long as three years. The standard policy deducts depreciation, so if you total a \$25,000 car driving out of the lot, you might get only \$20,000 from the insurance company. This option gets you a brand new car.

Tigard Allstate agent Wendy Lee-Kanno says her car insurance business doubled after the Your Choice plan was introduced. She said buyers include families with inexperienced or young drivers and those with aging drivers whose reflexes have slowed -- two parts of the age spectrum where accidents tend to increase.

Oregon's insurance administrator, Joel Ario, sees advantages and disadvantages to the expanded options.

"On the positive side, it expands consumer choice, and I would encourage consumers to take a look," he said. "On the negative side, is more choice good? Where does more choice become confusing and ultimately, negative?"

Consumer advocate Birny Birnbaum of the Center for Economic Justice in Austin, Texas, takes his questioning a step further.

"My brief take is that Allstate is creating products for more affluent consumers and trying to generate more premium per vehicle insured," Birnbaum says. "While the options are interesting, consumers simply do not have enough information to evaluate the cost benefit of the alternatives."

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