

AUTO INSURANCE FAQ's



The Department of Commerce & Consumer Affairs' Hawai'i Insurance Division (HID) has compiled the questions we most frequently receive about auto insurance. Please contact us if we can assist you further.

How is my auto insurance premium calculated?

Insurance companies set *premiums* (= the money that you, the consumer, pay for insurance coverage) based on the expected cost of future claims. Personal risk factors, like those listed below, are considered when setting premiums. If you haven't received any tickets or filed any claims, a hike in premiums could be due to a general rate increase assessed to all policyholders. If you have a question about the increase, you should speak with your insurance producer or insurer. If you still have questions, you may contact the Insurance Division.

Auto Insurance Factors

- Your driving record, like traffic tickets and accidents.
- Your claims history.
- Where you live and garage your car.
- The type of car you drive and the cost to fix or replace your car.
- Your selected coverage limits and deductibles. A deductible is the amount of money you pay before your insurance company starts paying its share of claim costs. Choosing a higher deductible will reduce the price you pay for auto insurance.
- Your annual mileage.

Additional Factors

- Extreme weather events. Natural disasters are happening more frequently, and they are becoming more severe—even occurring in areas that haven't been historically impacted. This can result in more damage to cars and more claims being filed.
- Pricy repairs, including the costs of labor and parts. These costs tend to be higher in more populated areas of the U.S. and higher when there is limited supply.
- Economic factors like inflation and the cost to do business.

My insurance producer told me that the Hawai'i Insurance Division required this rate increase. Is this correct?

Typically this would not be the case. The law requires insurers to file their rates and any rate increase requests with the HID. The HID reviews the filings (which include the insurer's data justifying the amount of their premiums and any proposed increase) to be certain that the rates and increases are not excessive, inadequate or unfairly discriminatory. The law also requires the HID to make certain that insurers remain financially stable in order to protect policyholders by having enough funds to settle claims.

How can I lower my premium?

- Shop around. Before you buy a policy, it's a good idea to get quotes from several companies. Make sure you understand what coverages are included and that you're comparing like policies. The HID compiles a Motor Vehicle Premium Comparison Guide annually to assist and educate consumers. This year's publication is available on the division website at <https://cca.hawaii.gov/ins/resources/>
- Increase your deductible, but make sure you have the money to pay out-of-pocket if you file a claim.
- Decrease your coverage on older vehicles. When your vehicle has little value, consider eliminating coverage like comprehensive or collision (paying for damage to your car).
- Bundle your auto policy with a homeowners or rental insurance policy.
- Ask for discounts for things like taking a defensive driving course, being claims-free, driving a vehicle with advanced safety features, or being a member of an eligible group or association.
- Ask if telematics will decrease your auto premiums.
- Improve your driving record.