

It's one of those discounts that almost everyone gets on their auto insurance and is often not thought about much, the multi-car discount. This discount can run in the range of 20% to 25%, varying by insurance company but one thing is sure, you don't really notice it until it is gone. And for some families out there this discount will disappear very soon, leaving you with a large increase in your auto insurance costs.

The multi-car discount is not just some marketing idea to help attract business and cut your rates, it is founded in underwriting logic. The logic is that if you have more than one car in the household, then some of the time both of your drivers will be riding together in the same car. That fact means that the other car is not being used as often as it would have if both drivers lived in separate households with their own cars that they drove every time they needed to travel. The 20% to 25% thing is an average of course but over time this seems to accurately reflect the underuse of the second car.

In our more modern world of separate household finances we have more and more situations where a family might have several cars and also want to have separate auto policies. This is usually the case when the spouses want to keep their finances separate. The old I pay for mine and you pay for yours approach often creates the need for two different auto policies. Of course even when this happens, the theory that I described above is still in play and so this household still deserves a multi-car discount on both auto insurance policies. Insurance companies for the most part have acquiesced and applied the multi-car discount to both policies even though each policy only had one car listed on it. Now that has all changed.

Effective March 1, 2012, the NC Rate Bureau has issued a revision to Rule 4.D clarifying the intent of the multi-car discount. The Rate Bureau now requires that there be two or more cars listed on the policy in order for the discount to be allowed. So those two budget households out there with two different auto policies are in for some sticker shock when their auto insurance policy renews again. Losing this discount will generate an additional rate cost of up to 25% on each policy! I'm guessing there is nothing that shouts togetherness more loudly than seeing a steep increase in auto insurance costs.

There are some exceptions to this new rule change. In NC, there is a limit to the number of cars that you can list on a personal auto policy. That number is 4, so for households with a 5<sup>th</sup> car, you will have to purchase a second policy. In this case, the multi-car discount is allowed to be applied to both policies. The other exception is where one of the cars is co-titled in another name of a policyholder in the household. If this exception exists, then the multi-car discount can

be allowed on both policies.

If you think you may fall into the category of policyholders who will lose the multi-car discount at your next renewal then you should give your agent a call and let them know that you want to discuss options for keeping this discount in your household. If you are unable to reach your agent or still have questions about this change, please feel free to call us toll free at 877-687-7557 and we will try and help advise you on your options.