

Low Mileage Auto Discount

Safeco Insurance

Low Mileage Program Overview

Following up on our commitment to offer our agents more competitive options for their customers, Safeco is offering up to a 20% discount for vehicles with low annual mileage. The discount is available for pleasure-use, private-passenger autos. It ranges from 1% to 20%, based on annual miles driven and the age of the vehicle's principal driver; the fewer miles driven, the higher the discount. Nearly half of those vehicles that qualify for the program will receive a discount of 10% or more.

The program is designed to help agents target customers with an extra car or truck, those who use public transportation, or have a car that simply isn't driven very often.

Low Mileage Program Key Features

- **The discount is easily added:** The vehicle tab of Safeco's Quote & Issue system has been updated with a "Low Mileage Discount" checkbox which can be used during the normal quoting process or via endorsement on renewals (through the Policy Change Tool). All the agent has to do is input the customer's best estimate of annual mileage.
- **Safeco will take care of verifying the mileage:** Because driving habits can change frequently and annual mileage can be hard to estimate, Safeco will periodically verify annual mileage by using third-party data sources to gather odometer readings. When third-party data sources cannot validate the annual mileage, when appropriate Safeco will mail the customer a self-addressed business reply mail postcard to enter their odometer reading and update their mileage estimate. The customer can drop this postcard in the mail with no postage required.
- **Better pricing, better retention:** This discount will be available to all Safeco's new and current True Pricing® for Auto customers who are 25 years or older and drive a pleasure-use vehicle fewer than 8,000 miles per year. The discount is a way to offer qualifying customers a reduction in their rate, making it more reflective of their personal driving habits. Additionally, we anticipate this discount will increase customer retention.

Low Mileage Program Purpose

Safeco wants to offer a competitive option for low-mileage customers. We also want to offer a program that matches customer preferences. Other carriers require a tracking device in the vehicle to capture mileage information, but many customers are opposed to being tracked with such devices. By not requiring a tracking device, we are differentiating Safeco and our agents in the marketplace.

Initial Launch Guidelines

To quote a new-business policy with the low-mileage discount, the quote date has to be **on or after** the actual launch date.

Note that if your quote was started before the launch date and has the advanced quote discount, you have two options:

1. Make the **quote date** match the launch date and make sure the **effective date** is at least eight days in the future. This will allow the customer to get both the advanced quote discount and the low-mileage discount.
2. If an effective date at least eight days in the future is not possible, you can apply either the advanced quote discount or the low-mileage discount, but not both. Remember, you can endorse the low-mileage discount at the customer's next renewal.

New Business Guidelines

The Low Mileage Discount will be available for all pleasure-use vehicles with a principal operator who is 25 years or older and which are driven less than 8,000 miles annually. The discount can be added at the time the policy is quoted.

Renewal Guidelines

The Low Mileage Discount can be added to in force policies meeting the required criteria via the Policy Change Tool. Existing business is not eligible for the discount immediately. Please refer to your state's bulletin on Safeco Now for Renewal Effective Dates.

Frequently Asked Questions

Q. What is the Low Mileage program?

A. Safeco is offering up to a 20% discount for vehicles with low annual mileage. This is a great program for customers with an extra car or truck, those who use public transportation, or who have a car that simply isn't driven very often. The discount, available only for pleasure-use private passenger autos, varies based on annual miles driven and the age of the vehicle's principal driver. Because driving habits can change frequently and annual mileage can be hard to estimate, When appropriate Safeco will verify annual mileage by collecting odometer readings and mileage estimates directly from the customer or from a third-party vendor.

Q. What annual mileage amounts are eligible for a discount?

A. Vehicles driven less than 8,000 miles per year with a principal operator 25 years of age or older are eligible for the discount. Nearly half of those vehicles that qualify for the program will receive a discount of 10% or more.

The Low Mileage Discount is applied to vehicle-level coverages.

Q. Why does the discount vary by the age of the driver?

A. On average, older drivers drive less. That assumption is already priced into their rate, so the maximum Low Mileage Discount available is reduced for vehicles with a principal driver 65 and older. For drivers under 25, there is no discount available as actuarial data does not support a discount for this age range.

Q. Are classic cars, antique autos, RVs or business-use vehicles eligible for the Low Mileage Discount?

A. No. This program is for pleasure-use private passenger autos only.

Q. How do I quote the Low Mileage Discount for new business in Quote & Issue?

A. It's easy. Go to the Vehicle tab in the Quote & Issue application and:

1. Select "Pleasure Use" in the Vehicle Use drop-down box.
2. Check the "Low Mileage Discount" checkbox.
3. Enter the best estimate of future annual miles for the vehicle.

The Safeco system will compute the appropriate discount.

Q. How do I quote the Low Mileage Discount if I'm using a comparative rater?

A. Answer the annual mileage question as accurately as possible. If the mileage entered is eligible for the Low Mileage Discount, Safeco will automatically apply it. After bridging over to Quote & Issue from the rater, you will be prompted to acknowledge that the vehicle is low mileage.

Q. Are existing policies eligible for the Low Mileage Discount?

A. Yes. Safeco's True Pricing® vehicles can be endorsed into the Low Mileage program using the Policy Change Tool

1. Begin an endorsement in Policy Change Tool.
2. Select the "Vehicles and/or vehicle usage" checkbox.
3. Select "Pleasure Use" in the Vehicle Use drop-down box.
4. Check the "Low Mileage Discount" checkbox.

5. Enter the best estimate of future annual miles for the vehicle.

Please note you will not be able to endorse policies until the discount has launched in your state and after the policy renewal has processed.

Q. What verification or documentation is required for annual mileage?

A. When available, Safeco will use third-party data sources to gather odometer readings and validate the vehicle's annual mileage. If third-party data sources cannot validate the annual mileage, when appropriate Safeco will mail the customer a self-addressed, business reply mail postcard to enter their odometer reading and update their mileage estimate. The customer can drop this postcard in the mail with no postage required. This verification process will occur at new business and as appropriate thereafter while the vehicle is receiving the Low Mileage Discount.

Q. Does the agent need to do anything to verify mileage?

A. No. Be sure to use the customer's best estimate of annual mileage. Safeco will take care of all verification.

Q. What happens if the verified annual mileage amount is higher than stated on the policy?

A. If the verified mileage differs materially from the current mileage on the policy, we will automatically update the annual miles on the vehicle and calculate a new discount amount. This change will be effective at the next policy renewal.

Q. What if the customer does not respond to verification requests?

A. If the customer does not respond to multiple verification requests the discount will be decreased at each renewal and removed completely by the end of the second year.

Q. Is Safeco tracking the percentage of an agent's new business and renewal policies which are being written / renewed with the Low Mileage Discount?

A. Yes. Because this is a new discount and annual mileage can impact Safeco's rates, we will monitor the usage of this discount.

Helpful Hints:

Here are the changes made to the Vehicle Usage & Condition screen in Quote & Issue to Support the Low Mileage Discount:

Vehicle Usage & Condition

<p>*Vehicle Use: <input type="text" value="Pleasure or Work/School < 4 miles"/> ?</p> <p>Mileage One Way: <input type="text"/></p> <p>Low Mileage? <input type="checkbox"/> ?</p> <p>Annual Miles: <input type="text"/></p>	<p>Anti-Theft: <input type="text" value="Yes"/> ?</p> <p>Corporate Owned: <input type="checkbox"/> ?</p> <p>Vehicle purchased new? <input type="radio"/> Yes <input type="radio"/> No</p> <p>Purchase Month: <input type="text"/> Year: <input type="text"/></p> <p>Teensurance Package? <input type="checkbox"/> ?</p>
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PAY LESS.**



NEW Low Mileage Discount
Save your customers up to 20%
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Note: Fields designated with an (*) are required fields.

