

# DSD Insurance Newsletter

**January 2015**

Page 1 of 5

**INDEPENDENT DISTRIBUTOR NEWS YOU CAN USE**

## DUI and YOU — What Does It Mean and Why You Should Care

### What will a DUI conviction do to my car insurance rates?

In general, once your insurance company sees that you have a conviction for driving under the influence (DUI) or driving while intoxicated (DWI) on your driving record, there is no doubt that you'll see an increase in your auto insurance rates.

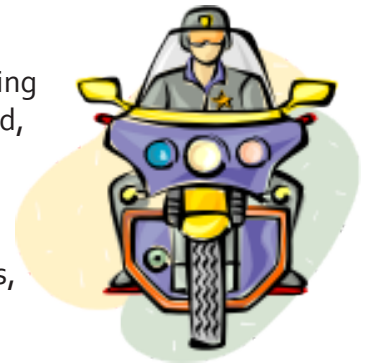
It's not just a little hike in your rate; based on an analysis of rates from six major insurers commissioned by Insurance.com through Quadrant Information Services, the average increase after a single DUI is 82 percent.

Where you live makes a difference in how much your auto insurance rates will rise. For instance, in South Carolina, the average increase was 50 percent. Across the state line in North Carolina, according to the data, the average increase was 321 percent.

The car insurance company you choose also makes a big difference. While driving under the influence of alcohol or drugs is seen as a major offense and seriously risky behavior by all car insurance companies, some weigh the risk differently. For example, the same driver with a single DUI shopping for car insurance in North Carolina would see rates as low as \$1,597 a year or as high as \$4,285.

The sure bet is that you will be paying a lot more for your car insurance premium and will lose any preferred status that you had obtained.

Your current car insurance company may even cancel your policy, if state laws allow, or non-renew it at the end of your policy period. You'll have to find coverage with a new auto insurance company that offers coverage to high-risk drivers.



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Page 2 of 5

## DUI and YOU — What Does It Mean and Why You Should Care

### How long will a DUI affect my rates?

Insurance company guidelines, governed by state laws, dictate how long your rates will be affected by a driving DUI conviction. As with most minor or major convictions, a DUI will raise your car insurance rates for at least three years.

If your state keeps the offense on your record longer than three years, and many do, it's common for this offense to affect your car insurance rates for five years to seven year or even more. For instance, in California, a DUI prevents you from receiving a 20 percent safe-driver discount for 10 years from the date of your DUI conviction.

### What is an SR-22 and will it affect my rates?

The SR-22 is a certificate of financial responsibility that many states require when you reinstate your driver's license after a DUI, though the certificates are not limited to just alcohol-related driving offenses.

When you're notified of the need to carry a SR-22, you should be told what the minimum car insurance limits are that the state will accept for this filing. When you purchase the required coverage and have your insurer file the SR-22, the form verifies with the state that you have the mandated coverage in place -- the whole reason for the filing.

You can get an SR-22 filed by a car insurance company only after buying at least the necessary coverage to comply with the state's requirements. If you don't own a car but want to get your license back, see about a non-owners policy. That will allow the insurer to file the SR-22 with the state.

You must continue to carry the SR-22 for a certain number of years -- typically three, but it ranges from one to five depending on the state. If you cancel your insurance during this time period the state will be notified and usually your license and/or vehicle registration will be suspended.

The car insurance coverage that is associated with the SR-22 form will be rated according to all the factors that ordinarily go into rating a policy, regardless of the SR-22 form filing. So, your DUI will cause your rates to increase, not the SR-22 filing. The SR-22 itself typically incurs a nominal filing fee of \$15 to \$25.

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Page 3 of 5

## How Your Driving Record Can Screw Up Your Life

As the saying goes, the DMV never forgets.

Your driving record follows you from the day you get your license till the day you hang up your keys. The impact of your driving record extends to many other aspects of your life.

While everyone knows that your car insurance rates are directly linked to your DMV record, you may be shocked to learn that it can also affect your life insurance premium, your right to vote and even your professional life. Here are 12 ways your driving record can exert its influence on your life:

### Your car insurance bill

It goes without saying that your driving record has a direct effect on your car insurance premium - you may not get the best car insurance quotes if you have lots of citations for moving violations. A serious offense such as a DUI or reckless driving charge will push your premiums up 30 to 300 percent, according to Penny Gusner, consumer analyst with Insure.com. Even a speeding ticket can bump your rates 20 percent.

### Your credit rating

If you choose not to pay a traffic or red light ticket, there is a good chance your credit rating will take a beating. Most jurisdictions tack on fees if you fail to pay a ticket and eventually turn it over to a collection agency. You can then watch your credit rating nosedive. The next time you apply for a credit card, loan or even try to rent an apartment, you may have a problem, compliments of the DMV. (And that weaker credit record, in turn, may further drive up your car insurance rates.)

### You may be arrested

After it has destroyed your credit rating, that unpaid traffic violation is coming after you with an arrest warrant. According to the California Court System website, continued failure to pay your ticket will result in a misdemeanor charge and an arrest warrant.

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Page 4 of 5

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### Lose your right to vote and many other rights

A DUI or reckless driving charge can be classified as a felony if the damage is extremely serious or a death is involved. In many cases the charge will be reckless homicide. Multiple DUIs can also result in a felony conviction. In New York, a second DUI in 10 years will be classified as a felony.

Convicted felons lose a number of rights which vary by state, but examples include:

- Right to vote
- Serve on jury
- Hold public office
- Receive federal aid for education
- Become firefighter
- Travel to foreign countries may be limited

### Life insurance may cost more

A poor driving record or a DUI can knock you out of a preferred life insurance tier. Kristofer R. Kirchen, president of Advanced Insurance Managers, warns, "This may up your rates by a few hundred dollars a year, which over the course of a 30-year term policy can really add up."

Your license may be suspended and your car will go unregistered

In almost all cases your license will be suspended with a DUI or reckless driving charge, while an unpaid ticket can also result in a suspension. The DMV will also refuse to register your vehicle if you have unpaid tickets on your record.

### Your dream to fly professionally may be grounded

If you are a licensed pilot and are arrested for a DUI, you must send the Federal Aviation Administration (FAA) a notification letter within 60 days. The FAA will investigate, and if it feels there is an alcohol or substance abuse problem, you may find your license pulled. While a DUI does not automatically result in a suspended pilot's license, you may find your professional pilot opportunities severely limited.

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Page 5 of 5

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### **Adopting a baby may become more difficult**

Your driving record is not going to prevent you from adopting a baby, but it may make it more difficult. Adopt America warns that every agency has a different policy regarding a DUI and that any serious driving infraction must be addressed during the home study section of the process. While a DUI that happened a long time ago should have no real affect, a more recent one may decrease your chances of being approved by an adoption agency.

### **It can increase your sentence on future criminal charges**

A serious driving infraction such as a DUI or reckless driving charge creates a permanent criminal record that can have a dramatic impact on a potential sentence for criminal charges in the future, or if you end up with a second DUI.

According to Raj Dua, an attorney in Fairfax, Va., "The court will likely increase the sentence on a subsequent DUI and prosecutors are less likely to reduce any future charges."

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