

# Victims Pay the Price for Uninsured Drivers

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*Even though it's against the law, about 1 in 7 at-fault drivers are uninsured*

## **INSURANCE INFORMATION INSTITUTE; BETTER BUSINESS BUREAU**

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**October 2007, Arlington, VA** - Even though not carrying auto insurance is against the law in most states, it happens more often than most people realize. The Insurance Research Council ( [www.ircweb.org](http://www.ircweb.org) ) reports about one in seven at-fault drivers in a collision with another vehicle will be uninsured.

According to Steve Cox, Vice President of the Council of Better Business Bureaus, based in Arlington, VA, what happens to the insured victim after this type of accident can be upsetting and expensive. Instead of the at-fault driver's auto insurance policy covering the victim's costs for medical expenses, vehicle repairs and a replacement rental car, it ends up being the victim's responsibility to pay for everything.

For this reason, many drivers include uninsured motorist coverage on their auto insurance policy. Uninsured motorist coverage pays for injury and damages caused by an uninsured or hit-and-run driver.

"But, uninsured motorist coverage is not obligatory in every state and therefore, some insured drivers are not covered," said Carolyn Gorman, Vice President of the Insurance Information Institute, a not-for-profit consumer education organization.

Underinsured drivers are another problem. These are drivers who have only the minimum state required limits of liability on their auto insurance, which may not necessarily provide enough coverage to adequately compensate others involved in the accident. Uninsured motorist coverage pays the difference between the at-fault driver's liability limits of coverage and the actual costs of the injury or damage, as well as lost wages - but only up to the limits established by the policyholder when it is added to the their auto insurance. It also provides protection if an individual is hit as a pedestrian.

More information about uninsured and underinsured drivers is available from the Better Business Bureau and Insurance Information Institute at <http://www.wiserdrivers.com> .

## **Options Available to Insured Drivers**

"Despite the fact that you are the victim if an uninsured driver slams into your car, you are obligated to pay the deductible and your own auto insurance will be used to cover all other expenses," said Gorman.

Expenses go beyond medical. For example, since the at-fault driver's insurance will not cover a replacement rental car, you could be stuck without transportation while your car is being repaired or you are waiting for authorization to get a new car. Since the average car is in the repair shop for two weeks after an accident,

renting a car can be very expensive, unless your auto insurance policy includes replacement rental car coverage.

That's why it is important for insured drivers to make sure they have sufficient coverage, including some options worth considering for additional financial protection, including the following:

- **Collision Coverage.** This coverage pays for damage to your car resulting from a collision with another car, flipping over and other situations, including being hit by an uninsured driver. Collision coverage is generally sold with a deductible of \$250 to \$1,000 and the higher the deductible, the lower the premium.
- **Uninsured and Underinsured Motorist Coverage.** This coverage will reimburse you, members of your family, or designated driver who is hit by an uninsured or hit-and-run driver. Underinsured motorist coverage applies when an at-fault driver has insufficient insurance to pay for your total loss. The coverage also applies if you are hit as a pedestrian. While some states require insured drivers to have uninsured and underinsured coverage, others do not. Some states bundle this coverage together.
- **Replacement Rental Car Coverage.** Available for only a couple dollars a month, coverage provides a replacement rental car while a car is being repaired after an accident. Since the average car is in the repair shop for two weeks after an accident, the savings can be substantial. Based on the average daily rate for a rental car, it can end up costing more in most cities to rent a car for one day than for a full-year of coverage.

No matter where you live, these problem underscore the necessity of making sure before being involved in an accident that your own auto insurance includes the types of coverage that can provide a financial safeguard.

Gorman added that many drivers think they are well prepared to deal with an accident, but not many of them have ever read their insurance policy. "Taking just a few minutes once a year to read your policy or talk to your insurance agent can go a long way in helping to avoid unnecessary hassles, as well as significant out-of-pocket expenses down the road."

#### ***About the Insurance Information Institute***

*The Insurance Information Institute ( <http://www.iii.org> ) is a non-profit, communications organization supported by the property/casualty insurance industry.*

#### ***About the Council of Better Business Bureaus***

*The Council of Better Business Bureaus, based in Arlington, VA, is the umbrella organization for Better Business Bureaus (BBBs). The BBB system is dedicated to advancing trust between businesses and consumers in both the traditional and online marketplace. The first BBB was founded in 1912 - today, the BBB system is comprised of 129 local Better Business Bureaus (BBBs) across the US and Canada, and serves millions of consumers, nearly 400,000 small and medium business members, and several hundred national and multi-national corporations based in North America. The BBB system has grown to become the most recognized name and advocate for promoting trust in the marketplace. In support of voluntary self-regulation, consumer and business education, and service excellence, the BBB System maintains a database with reports on almost three million businesses and provided nearly 100 million instances of service to consumers and businesses in 2006.*

For more information on the BBB system, visit <http://www.bbb.org> .

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