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Economic Downturn May Push Percentage of Uninsured Motorists to All-Time High

MALVERN, Pa.—Approximately one in six drivers across the United States may be driving uninsured by 2010, according to a recent study from Insurance Research Council (IRC). Although the estimated percentage of uninsured motorists decreased nationally, from 14.9 percent in 2003 to 13.8 percent in 2007, the recent economic downturn is expected to trigger a sharp rise in the uninsured motorist rate.

The recently released study, *Uninsured Motorists, 2008 Edition*, estimates the percentage of uninsured drivers countrywide and by state for the period 2005 to 2007. The IRC estimates the uninsured driver population using a ratio of insurance claims made by individuals who were injured by uninsured drivers to claims made by individuals who were injured by insured drivers. The study contains recent statistics by state on uninsured motorists claim frequency, bodily injury liability claim frequency, and the ratio of uninsured motorists to bodily injury claim frequencies.

The magnitude of the uninsured motorists problem varied widely from state to state. In 2007, the five states with the highest uninsured driver estimates were New Mexico (29 percent), Mississippi (28 percent), Alabama (26 percent), Oklahoma (24 percent), and Florida (23 percent). The five states with the lowest uninsured driver estimates were Massachusetts (1 percent), Maine (4 percent), North Dakota (5 percent), New York (5 percent), and Vermont (6 percent).

The report also found a strong correlation between the percent of uninsured motorists and the unemployment rate: An increase in the unemployment rate of one percentage point is associated with an increase in the uninsured motorist rate of more than three-quarters of a percentage point. Based on current unemployment rate projections, the percentage of uninsured motorists is expected to rise from 13.8 in 2007 to 16.1 in 2010.

“An increase in the number of uninsured motorists is an unfortunate consequence of the economic downturn and illustrates how virtually everyone is affected by recent economic developments,” said Elizabeth A. Sprinkel, senior vice president of the IRC. “Responsible drivers who purchase insurance end up paying for injuries caused by uninsured drivers.”

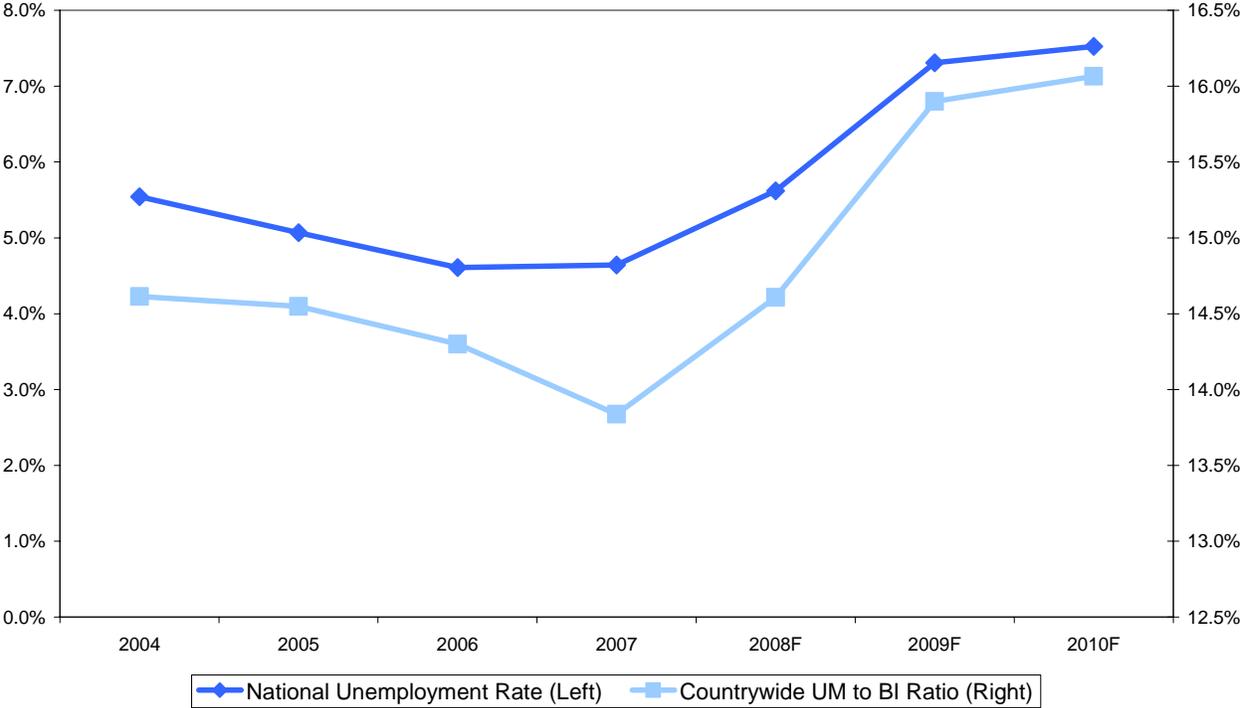
The IRC study examined data collected from nine insurers, representing approximately 50 percent of the private passenger auto insurance market in the U.S. For more detailed information on the study's methodology and findings, contact David Corum by phone at (610) 644-2212, ext. 7506; by fax at (610) 640-5388; or by e-mail at irc@cpcuiia.org; or visit the IRC's Web site at www.ircweb.org. Copies of the study are available for \$125 each in the U.S. (\$140 elsewhere) postpaid from the Insurance Research Council, 718 Providence Rd., Malvern, Pa. 19355-3402. Phone: (610) 644-2212, 7574. Fax: (610) 640-5388.

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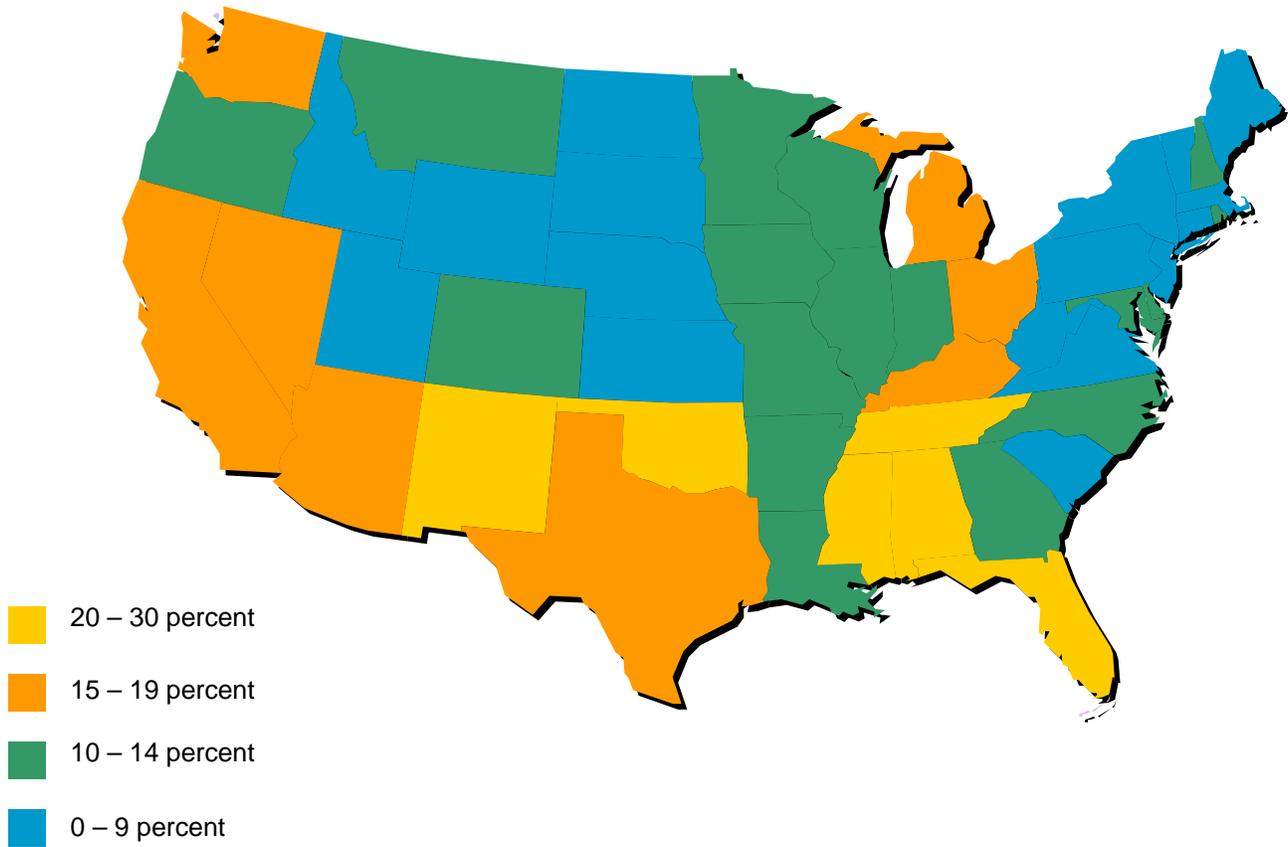
NOTE TO EDITORS: The Insurance Research Council is a division of the American Institute for CPCU and the Insurance Institute of America. The Institutes are independent, not-for-profit organizations dedicated to providing educational programs, professional certification, and research for the property-casualty insurance business. The IRC provides timely and reliable research to all parties involved in public policy issues affecting insurance companies and their customers. The IRC does not lobby or advocate legislative positions. It is supported by leading property-casualty organizations.

UM to BI Claim Frequency Ratio Expected to Increase

Historical Data: 2004-2007, Forecasts: 2008-2010



**Variation By State of Uninsured Motorists Percentage
Based on 2007 UM to BI Frequency Ratios**



Estimated Percentage of Uninsured Motorists by State in 2007

<u>State</u>	<u>Uninsured</u>	<u>State</u>	<u>Uninsured</u>	<u>State</u>	<u>Uninsured</u>
New Mexico	29%	Montana	15%	Kansas	10%
Mississippi	28%	Colorado	15%	Connecticut	9%
Alabama	26%	D.C.	15%	Virginia	9%
Oklahoma	24%	Indiana	14%	South Carolina	9%
Florida	23%	Missouri	14%	Idaho	9%
Tennessee	20%	Rhode Island	14%	Wyoming	9%
California	18%	Alaska	13%	New Jersey	8%
Arizona	18%	Maryland	12%	Utah	8%
Michigan	17%	Hawaii	12%	Nebraska	8%
Washington	16%	Louisiana	12%	West Virginia	8%
Ohio	16%	Iowa	12%	Pennsylvania	7%
Kentucky	16%	Minnesota	12%	South Dakota	7%
Texas	15%	North Carolina	12%	Vermont	6%
Nevada	15%	Georgia	12%	New York	5%
Arkansas	15%	New Hampshire	11%	North Dakota	5%
Wisconsin	15%	Oregon	11%	Maine	4%
Illinois	15%	Delaware	10%	Massachusetts	1%