

More Drivers Are Underinsured on the Nation's Roads, According to New IRC Study

For Immediate Release

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NEW YORK, April 22, 2023– Underinsured motorist (UIM) coverage protects you if you're hit by a driver who doesn't have enough coverage to pay for the damages or injuries they caused. In 2022, more than one in seven drivers (15.7 percent) countrywide had insufficient coverage, according to a new [Underinsured Motorists: 2017-2022](#) report by the [Insurance Research Council](#) (IRC), a division of The Institutes.

Uninsured motorists (UM) coverage compensates accident victims for injuries or damage caused by a driver without liability insurance or from a hit-and-run driver; underinsured motorists (UIM) compensates the injured party for costs associated with injuries or property damage that exceed the at-fault driver's liability coverage. Once it is determined that the at-fault driver's insurance will not fully cover damages, the accident victim may be eligible to file a claim with their own insurance company under their UM/UIM coverage.

The IRC estimates are based on UIM and bodily injury (BI) liability exposure and claim count data collected from 10 major insurers representing approximately half of the U.S. private passenger auto insurance market. The ratio of UIM-to-BI claim frequencies yields a reasonable estimate of the proportion of injury-producing accidents in which the accident victim's expenses exceeded the at-fault driver's liability limits.

Key findings:

- The estimated percentage of underinsured drivers countrywide was 15.7 percent in 2022, a 3.1 percentage point increase from 2017. The countrywide UIM rate increased steadily in 2018 and 2019, jumped in 2020 with the start of the pandemic, and remained high in 2021 and 2022.
- Most jurisdictions saw an increase in UIM rates from 2017 to 2022. Colorado and Georgia saw the highest increases. Ten states exhibited declining UIM rates over the period, with the largest decrease occurring in Delaware.
- The percentage of underinsured drivers varied significantly by state. In 2022, the estimated percentage of underinsured drivers ranged from 5.6 percent in the District of Columbia to a whopping 40.9 percent in Colorado. Other states with high UIM rates in 2022 included Nevada (39.4 percent), Georgia (37.3 percent), Louisiana (35.6 percent), and Kentucky (32.0 percent).

"At the start of the pandemic, both UIM and BI frequencies dropped as the shutdowns dramatically curtailed driving," said Dale Porfilio, FCAS, MAAA, president of the IRC. "However, UIM frequency dropped less than BI. By 2022, UIM claim frequency had returned to its 2019 level while BI claim frequency was still below pre-pandemic levels."

Porfilio, who is also Chief Insurance Officer of the [Insurance Information Institute](#) (Triple-I), noted that dramatic increases in the average severity of auto injury claims since the pandemic began have spurred higher UIM rates. "Riskier behaviors like speeding and distracted driving, in combination with legal system abuse and economic inflation, all contribute to elevated UIM rates."

Article: [Background on Compulsory Auto /Uninsured Motorists](#)

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