

# Study: When jobs are lost, uninsured drivers increase.

FOR IMMEDIATE RELEASE

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(January 28, 2009) - As the number of unemployed people grows, so does the chance that someone involved in a car accident won't have insurance. It seems logical that when people lose their jobs, car insurance is one of the seemingly nonessential expenses that can go. But a recent study by the nonprofit Insurance Research Council found out how closely the two are related. For every 1 percent increase in the unemployment rate, the number of uninsured motorists increases by three-quarters of a percent, the study found.

That's bad news for insured drivers, who end up paying for the damage caused in accidents with uninsured drivers. And ultimately pay more for insurance. It is also bad news for uninsured drivers who get caught. It is illegal to drive without coverage. In Ohio, drivers who aren't covered are fined and lose their license for 90 days for the first offense, one year for a second offense and two years for a third or more offenses committed within five years.

People think they're saving money by dropping their insurance. Ultimately it will cost them more if they are caught or are involved in an accident, said Jon Diamond, president of the Columbus-based SafeAuto<sup>®</sup>, which specializes in offering state-required minimum coverage.

The research council estimates that in 2007, 16 percent of Ohio drivers, or 1.2 million, were uninsured. Since December 2007, Ohio's unemployment rate has gone up by 2 percent to 7.8 percent, the highest in 22 years. That jump would add another 112,000 to the uninsured ranks, using the council's formula. Council researchers analyzed data from insurance companies that cover about 50 percent of the market nationwide. It also found the correlation between unemployment and uninsured motorists went back 20 years. "When people are losing their jobs, they face very tough decisions," IRC Vice President David Corum said. Ohio Insurance Institute, a trade group, doubts the council's estimates, saying the uninsured rate is probably about 9 percent, said Mary Bonelli, the institute's spokeswoman. Diamond says both estimates are low. He figures about a quarter of drivers are without insurance. "It's a bigger number than anyone cares to admit," he said. Diamond said unemployment isn't the only factor forcing people to drop their auto insurance. The gas hike last year drove a number of people to let their car insurance lapse. "They had to choose gas for the car, food or insurance," he said.

Diamond and Bonelli said Ohio drivers have a couple of things going for them that make insurance more affordable: Ohio has one of the lowest minimum amounts drivers must be insured in the country. Ohio also prohibits insurance companies from raising the rates of drivers involved in accidents with uninsured drivers — as long as it isn't the insured driver's fault. Corum said there are things consumers can do to reduce their insurance costs, including shopping around for plans, raising deductibles and dropping comprehensive coverage, especially on older vehicles.

Finally, many American households have more cars than drivers. "Ask yourself if you really need that extra car," Corum said.

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