

Economic Downturn May Expand Ranks of Uninsured Drivers

Approximately 1 in 6 drivers across the United States may be driving uninsured by 2010, according to a recent study from the Insurance Research Council (IRC). Although the estimated share 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 country-wide 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 per-

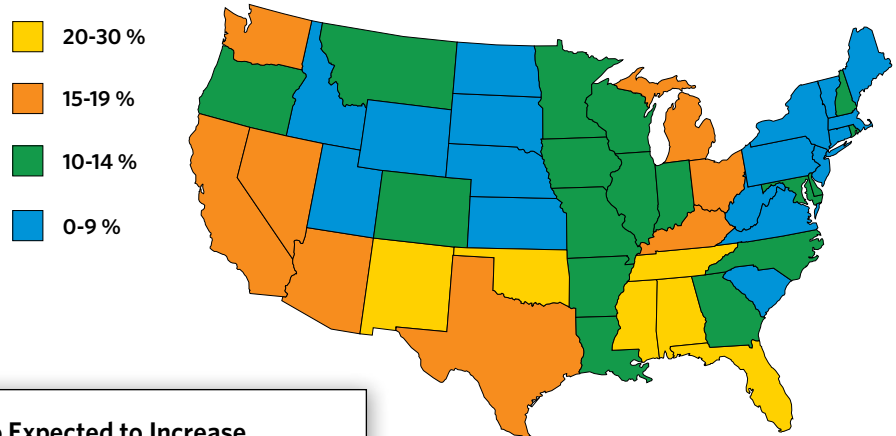
cent), North Dakota (5 percent), New York (5 percent), and Vermont (6 percent).

The report also found a strong correlation between the percentage 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.

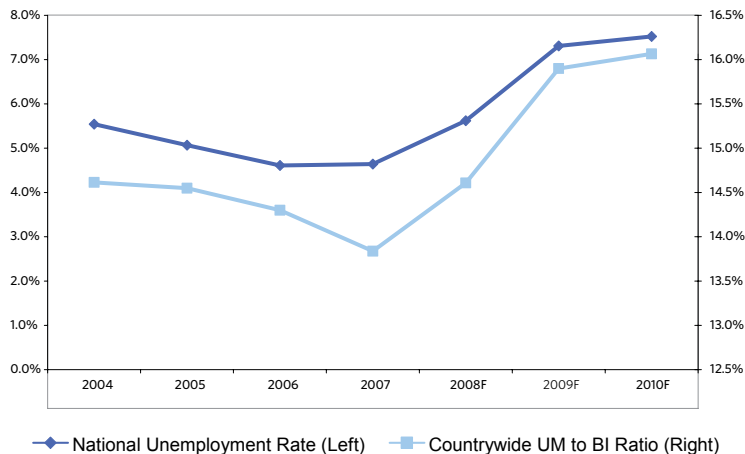
"An increase in the number of uninsured motorists is an unfortunate consequence of the economic downturn and illustrates how virtually everyone is affected by recent economic developments," said Elizabeth A. Sprinkel, senior vice president of the IRC. "Responsible drivers who purchase insurance end up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

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



UM to BI Claim Frequency Ratio Expected to Increase

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



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, go to www.ircweb.org.

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