



Southwestern Insurance Information Service

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## INSURANCE NEWS

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**Author: Terrence Stutz**

**SIIS Office: (512) 795-8214**

**SIIS Cell: (512) 965-4001 Jerry  
(512) 468-6965 Sandra**

### ***26 percent of vehicles in Dallas County uninsured, state analysis shows***

AUSTIN – More than one in four vehicles in Dallas County are uninsured, the highest percentage in any of the state's large urban counties, an analysis released Tuesday by the Texas Department of Insurance shows.

The figures, pulled from the database of the new TexasSure vehicle insurance verification program, also showed that 4.1 million cars and trucks – 22 percent of all vehicles statewide – lack basic liability coverage and are in violation of a state law that requires insurance.

In Dallas County, 26 percent of the vehicles on the road, or nearly 482,000 cars and trucks, don't have insurance. In Tarrant County, 21 percent lack insurance.

The figures did not include commercial vehicles, which are not yet covered under the TexasSure program.

South Texas counties had the highest percentages, with nearly 38 percent of the vehicles uninsured in Cameron County.

The Insurance Department did not analyze the causes of the high rates in Dallas and other counties.

Jerry Hagins, a spokesman for the Insurance Department, said letters are being sent to about 100,000 drivers who are believed to have insurance policies but do not have their vehicle registration numbers matched up with an insurance company in the state database. They are being asked to verify their coverage by mail, e-mail or telephone.

Once the information from those drivers is compiled, the state will send warnings to millions of drivers without insurance that they are breaking state law.

"We will ask them to clarify why they don't have insurance," Hagins said. "We will let them explain their situation and give them the options to correct it."

*For Additional Information:*

8303 N Mopac, Ste B-231  
Austin, TX 78759

Phone: (512) 795-8214  
Fax: (512) 795-9363



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The insurance verification program, launched a year ago, relies on a massive database containing the names of all insured drivers and their insurance companies – matched to their license plate numbers and VINs.

When a driver is involved in an accident or stopped for an infraction, the law enforcement officer can enter the license plate number or VIN into the TexasSure system to verify insurance coverage. In addition, the data is available to county tax assessor-collectors who can use it to confirm whether a driver has insurance before issuing or renewing a registration sticker.

Those who lack insurance are ticketed, subject to a fine of up \$350 for the first offense and up to \$1,000 for the second offense. Those who rack up multiple offenses and take no action are subject to arrest.

Funded by an annual \$1 fee added to vehicle registrations, the program is intended to crack down on the millions of drivers who are violating the state's mandatory insurance law – forcing other drivers to carry extra insurance to protect themselves.

The insurance industry estimates that Texas drivers shell out nearly \$1 billion a year to protect themselves from those without coverage.

The Legislature approved the verification program in 2005. Its start-up was snagged by initial delays in hiring a private contractor, differences among state agencies responsible for implementing the law, worries that some data may be inaccurate and initial doubts by the insurance industry about the program.

The Insurance Department said the information now contained in the database is highly accurate and has matched over 99 percent of all reported auto insurance policies in Texas to a registered vehicle.

While some industry experts say the program is reducing the number of uninsured drivers on the road, Hagins said there is no definitive data yet from the TexasSure program to support that conclusion.

"We believe the program is doing what it was intended to do, but it is too early to tell if it is bringing the numbers down yet. The program is still in its early phases," he said. The statewide 22 percent figure will be the basis for comparison in the future, he said.

Texas has had a financial responsibility law requiring drivers to buy insurance for several years. The minimum policy must contain liability coverage to pay for injuries and damages caused by the driver.

Even though proof of insurance must be furnished to get a license renewal or safety inspection, enforcement of the law has been difficult. Millions of motorists skirt the requirement by using counterfeit proof-of-insurance cards or obtaining a month's coverage of insurance to get an ID card, only to cancel the policy once they get their licenses renewed.

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To combat the problem locally, more cities – including several in North Texas – have implemented programs to penalize uninsured drivers by towing their cars. Among them are Arlington, Dallas, DeSoto, Garland, Irving and Mesquite.

Those plans – which generally call for vehicles of uninsured drivers to be towed if they are stopped on a traffic violation or involved in an accident – got a boost when the state verification program was launched.

A study conducted for the Insurance Department last year indicated that in the 27 states that use a similar insurance verification system, the average percentage of uninsured motorists before the program was about 26 percent. After it was implemented, the percentage of motorists without insurance dropped below 10 percent.

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