



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

1 in 5 Texas drivers lack insurance despite state's verification program

[AUSTIN](#) — More than one in five Texas motorists lack the insurance that state law requires and the ratio is virtually unchanged from a year ago, a blow to the state's 3-year-old program to sharply reduce the number of uninsured drivers on the road.

In addition, Dallas County continues to have the largest percentage of uninsured drivers among the state's six largest counties, with 24.1 percent of cars and trucks lacking insurance coverage. That figure is down slightly from a year ago, state figures show.

Although the TexasSure vehicle insurance verification program showed good results the first two years after it began in 2008, reducing the number of uninsured vehicles from 24.3 percent to 21.6 percent in 2010, new statistics compiled in July show that progress has stagnated.

That means about 4.2 million drivers have no insurance, and law-abiding motorists shell out nearly \$1 billion a year to protect themselves from damage done by drivers without insurance, state officials say.

Insurance industry groups say the economy and a decline in publicity for the TexasSure program are factors in the decline. Jerry Hagins, a spokesman for the Texas Department of Insurance, said officials are unsure why the momentum of the first two years has stalled.

"We are mindful that we're in an economic downturn, but we're not sure what happened," Hagins said. "There were reductions in the number of uninsured vehicles for the first two years, but the program seems to be idling now."

The department is sending letters to thousands of drivers found to be uninsured. The letters remind them of the mandatory insurance requirement and ask them to verify their coverage by mail, email or telephone.

Texas' financial responsibility law, in place for several years, requires drivers to buy insurance that contains at least liability coverage to pay for injuries and damages caused by the driver.

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 department hasn't analyzed why Dallas has such a high percentage of uninsured drivers. Industry representatives said they had no explanation for the trend, either.

"It almost flies in the face of reason because many people see Dallas as a relatively affluent area compared with other parts of the state," said Jerry Johns, president of Southwestern Insurance Information Service. "You would think the rate of uninsured drivers would be low, or at least lower than other metropolitan areas."

Database

TexasSure relies on a massive database containing the names of all insured drivers and their insurance companies — matched to their license plates and vehicle identification numbers. Insurers provide the information.

When a driver is involved in an accident or stopped for an infraction, an 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 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 on the first offense and up to \$1,000 and possible suspension of their license on the second offense. Those who rack up multiple offenses and take no action are subject to arrest.

Funded with an annual \$1 fee paid by all Texans when renewing their vehicle registration, the program is intended to crack down on the millions of drivers violating the state's mandatory insurance law, passed several years ago but generally ignored by a quarter of all drivers until the Legislature passed a law to create the TexasSure system.

Insurance industry representatives say that with money tight, more people may be going without coverage.

"I'm afraid insurance is down the list on necessities for many people," said [Mark Hanna](#) of the Insurance Council of Texas. "A lot of people continue to drive around without insurance even though they know it's against the law. But they're willing to take their chances they won't get caught."

Hanna also said there hasn't been as much publicity about the TexasSure program in the past year.

"The program started off like gangbusters the first year or two. But lately, it has kind of faded away," he said.

Johns said that the "scare factor" for uninsured drivers may be wearing off.

"TexasSure was effective the first two years because it scared a lot of drivers into purchasing insurance," he said.

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When fines kick in

But Johns said it is puzzling that in some other states, similar efforts have dropped the number of uninsured drivers as low as 12 percent — which in Texas would represent a 50 percent reduction from where the state started.

Some states fine drivers who are found to lack insurance. But in Texas, fines kick in only after a driver is stopped by a law enforcement officer.

“[States] that made the fastest progress in getting their uninsured numbers down had a fine associated with the notification program,” said Hagins of the insurance department, but Texas’ law does not allow for fines.

Considering that a vendor for the state agency is sending out 25,000 letters a week to drivers who are found to have a car registered but no insurance policy, the impact of a fine could be significant, not only in pressuring those drivers to obtain insurance but also producing significant revenue for the effort.

But such a change would have to be approved by the Legislature.

Hagins said an estimated 1.9 million Texas drivers are in the pool of those receiving notification letters. Those who don’t respond are warned that they are subject to fines and can lose their driver’s license if they don’t comply with the law. But those fines can be assessed only if the driver is stopped for another violation.

He also said that officials are satisfied with the operation of the verification program itself, though they continue to consider improvements.

South Texas counties had the highest percentages of uninsured drivers in the latest report, with 30.4 percent of the vehicles uninsured in Cameron County.

Uninsured drivers	
The percentage of vehicles that lacked insurance in July:	
DALLAS AREA	
County	Rate
Collin	16%
Dallas	24.1%

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Denton	17%
Ellis	18.8%
Johnson	20.3%
Kaufman	19.4%
Rockwall	17.9%
Tarrant	21.4%
OTHER LARGE URBAN COUNTIES	
Bexar (San Antonio)	22.9%
El Paso	21.5%
Harris (Houston)	22.7%
Travis (Austin)	20.9%
Statewide	21.6%
SOURCE: Texas Department of Insurance	

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