

2022

# The 5 Biggest Car Insurance Myths

What Most Americans Get Wrong About Their Policies



## ABOUT THIS REPORT

*The 5 Biggest Car Insurance Myths: What Most Americans Get Wrong About Their Policies* is an investigation into how well the average American driver understands their auto insurance policy. Insurify surveyed **over 1,000 respondents** about what they believe their car insurance actually covers and how they think it works. Car insurance is a legally required, fixed monthly expense for drivers in almost every state. As insurance costs are **on the rise**, Americans are shelling out more for coverage every year, even though **they may not fully understand what they're paying for**.

Insurify's research team set out to bust the **five most common misconceptions** about car insurance to educate drivers and help them make informed decisions on their policy options. This report includes statistics on how well Americans actually understand what their insurance covers, the real facts that all policyholders should know, and tips on how to save money on car insurance premiums.

Insurify is the top-rated and most comprehensive insurance comparison platform in America, offering a personalized, real-time comparison and buying experience for auto, home, and life insurance policies.

Insurify has been used by over 11 million policyholders since 2017. Insurify is also a valued source of consumer education, delivering data-driven insights and fresh perspectives on statistics and general trends throughout the insurance industry.

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# Myth #1

## Everything is covered by comprehensive coverage



### FACT

Though the name might be misleading, **comprehensive coverage** specifically covers damage unrelated to a car accident. Vehicle damage caused by events like theft, vandalism, falling objects, natural disasters (like hailstorms), and damage from animals (not hit by the driver) are covered by comprehensive coverage policies.

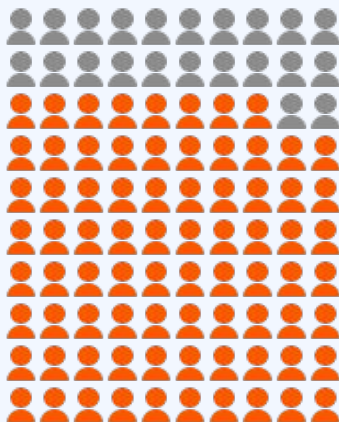
A separate add-on, **collision coverage**, insures damage caused by an accident.

WHO GOT IT WRONG ON...

# Comprehensive coverage

Most drivers think that comprehensive coverage covers, well, everything. It is called comprehensive coverage after all.

Nearly **8 out of 10 drivers** are wrong.



78%

of drivers **falsely** believe that comprehensive coverage will help cover the damage done to their vehicle in the event of a collision.

# Myth #2

## Bodily injury liability covers a policyholder's own medical bills



Most drivers would agree that the worst-case scenario from a collision is not just damage to their vehicle but sustained injuries or even fatalities as a result of the crash. That's where personal injury protection (PIP) and bodily injury liability coverage come in. But what's the difference between these coverage types?

### FACT

The key difference between PIP and bodily injury liability is who's **at-fault**. PIP kicks in regardless of who is at fault, meaning it covers drivers on the policy (and their passengers) in the event of any injury. If a driver finds themselves at fault for a collision that injures another driver, a bodily injury liability policy will help cover the injured party's expenses, **but NOT the at-fault driver's expenses.**

WHO GOT IT WRONG ON...

# Bodily injury liability



of drivers **falsely** believe that bodily injury liability covers their own medical expenses from an at-fault accident.

However, nearly **60%** of drivers do know that bodily injury liability covers the other driver's medical expenses in the event of an accident that is the insured driver's fault. Moreover, another **37%** understand that it can help cover legal fees should the other injured driver bring the case to court.

# Myth #3

## Colorful cars are more expensive to insure

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### FACT

Insurers account for a variety of factors when setting rates, including a driver's **record, location, and personal profile**, as well as their vehicle's **age, make, and model**. Car color, however, **is not one of those factors**.





WHO GOT IT WRONG ON...

# Elements that determine rates



of drivers **falsely** believe that car color is factored into their insurance rate.

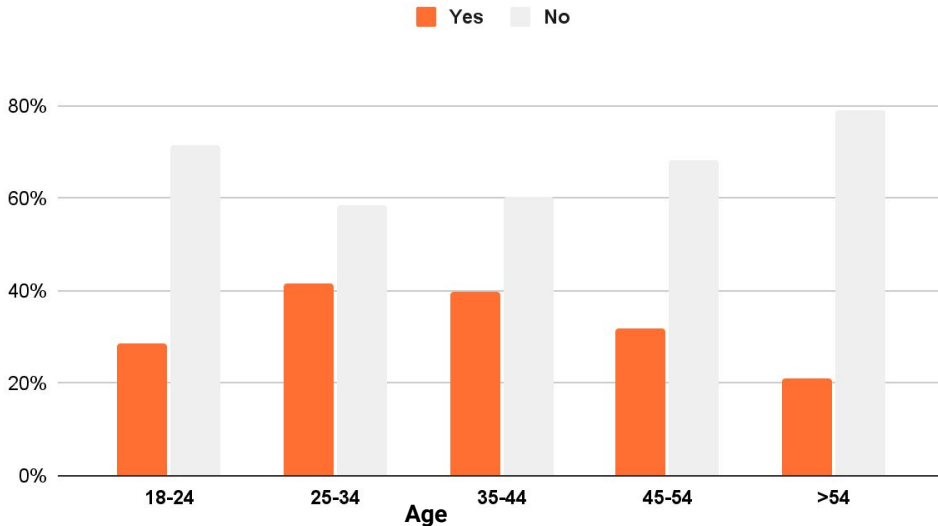
## INSURIFY INSIGHT

A lesser-known factor that does affect your premium is your highest **level of education**, with drivers without a high school degree paying up to **20%** more for car insurance than drivers who have attended some college.

## BREAKING IT DOWN

# Who believes that car color is factored into their rate?

Does car color influence your car insurance rate?



Drivers between the ages of **25 and 44** are significantly more likely to think that their vehicle's color could hike up their premium costs.

## Myth #4

There's no way  
to pay less for  
insurance



Discounts can help drivers save big on insurance costs, but despite the relative popularity of discounts, **one-third** of American drivers still aren't using them. In total, **16%** of drivers don't take advantage of insurance discounts, even if they know they qualify for them. Additionally, **17%** of motorists are unaware of any potential insurance discounts overall.

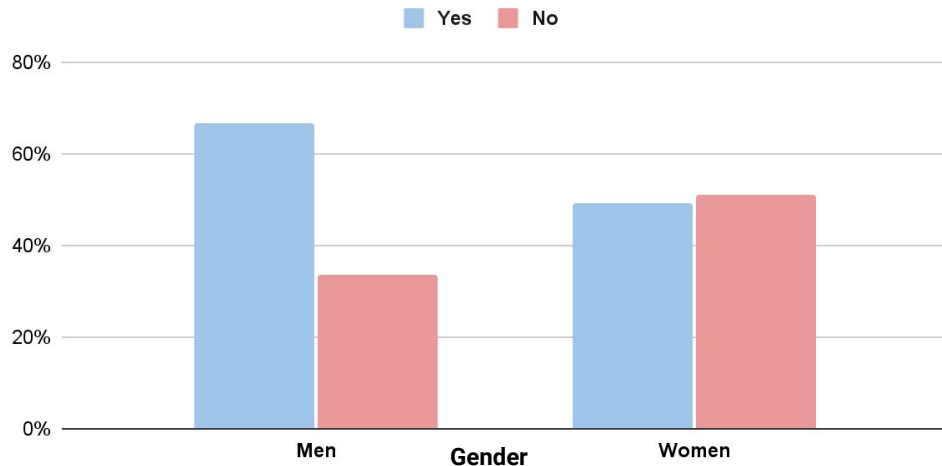
### FACT

Insurers grant discounts to drivers for a variety of qualifications, including having **low mileage** or a **clean driving record**. Other common discounts include **bundling home and auto insurance**, being an active or retired **member of the U.S. military**, and—for older drivers—completing a **senior driving safety training course**.

WHO GOT IT WRONG ON...

# Insurance discounts

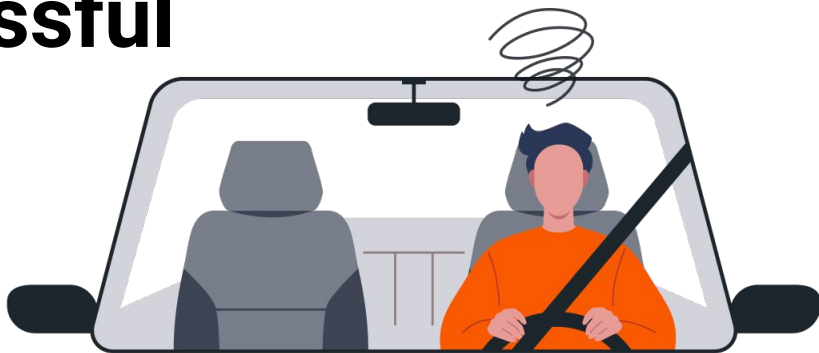
In the past year, have you taken advantage of one or more car insurance discounts?



**Women** are significantly less likely than men to take advantage of insurance discounts for which they're eligible, according to Insurify's survey. More women than men also responded that they were unaware of any discounts they qualified for.

# Myth #5

## Shopping for insurance is slow, confusing, and stressful



### FACT

Insurance providers vary in how they weigh risk, meaning they can charge a given driver different rates for the same coverage. A comparison platform like Insurify makes it quick and easy for drivers to find their best deal by providing multiple quotes from insurers all in one place.

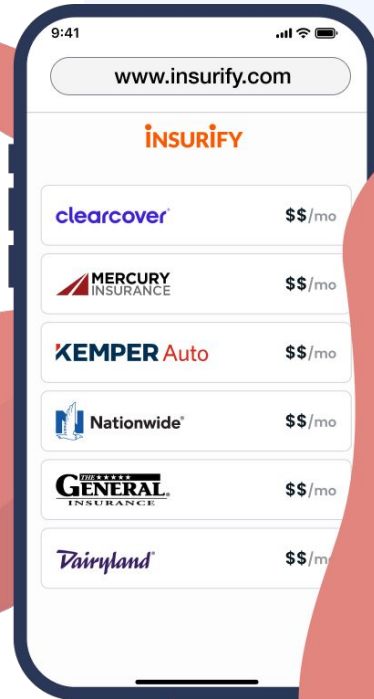
**Comparing quotes** is the fastest and easiest way to find lower insurance rates, but drivers can also reduce their car insurance costs by taking advantage of insurance **discounts** that they qualify for and practicing **safe driving** at all times.

Drivers who explore all of these opportunities—especially comparing quotes—can rest easy knowing that they've maximized their savings!

WHO GOT IT RIGHT ON...

# Shopping for insurance

INSURIFY



of Americans think **comparing quotes** between multiple providers can help them save money, and they're absolutely right!

Shoppers who use comparison sites like Insurify before buying a policy can save up to **\$996** annually.

## GLOSSARY

### Comprehensive coverage

a coverage type for damage sustained to your car in any incident that isn't a collision. This includes damage caused by vandalism, theft, animals, and weather conditions while a car is *not* moving (ex. if a branch breaks a window in a storm). When making a comprehensive claim, a driver must first pay the deductible. Unless the policy includes GAP coverage, the comprehensive payout will be equal to actual cash value at the time of loss rather than replacement cost.

### Collision coverage

a coverage type for damages in case of an accident, regardless of who is at-fault. It also provides additional protection in the case of damage to your vehicle following a collision.

### Bodily injury liability

a coverage type that is specifically for the other party's medical bills in an accident where it's the insured driver's fault. Bodily injury liability will not cover the insured driver's own medical expenses, only those of the other injured party. It can also cover the insured driver's legal fees, should they be sued by the injured party.

### Personal injury protection (PIP)

a coverage type that is specifically for covered drivers on a policy when they are injured in a car accident. PIP is also called "no-fault insurance" because policyholders are entitled to benefits no matter who was responsible for an accident and even if no one else is involved. This is unlike bodily injury liability coverage which is for the other party. PIP can also cover non-medical expenses, such as lost wages if the insured driver can't work while recovering, household expenses and even funeral costs.

## METHODOLOGY

To compile *The 5 Biggest Car Insurance Myths: What Most Americans Get Wrong About Their Policies*, Insurify's research team commissioned Pollfish to survey 1,068 U.S. drivers at the end of 2021. Drivers from all 50 states and all age demographics above the age of 18 are represented in the survey results. The sample base of respondents was proportioned to represent the overall population of adult vehicle owners who are the primary driver on their policy.

## DATA ATTRIBUTION

The insights, statistics, data visualizations, and more from this report are free to use; we simply ask that you attribute any full or partial use to Insurify with a link to

<https://insurify.com/report/insurance-literacy-report/2022/>



## SURVEY QUESTIONS

- **In 2021, have you taken advantage of one or more car insurance discounts (for example: good driver discount, military discount, bundling car and home insurance policies)?** Yes; No, but I qualify for one or more; No, I do not qualify for any; No, I am unaware of the discounts I may qualify for (multiple selection)
- **Do you think that comparing car insurance quotes from multiple providers can help you save money on your policy?** Yes/No
- **Comprehensive coverage helps cover damage done to my car in the event of a collision.** True/False
- **No-Fault Insurance / PIP (Personal Injury Protection) can help cover my medical expenses in the event of an accident, if:** I am at-fault; the other driver is at-fault; both I and the other driver are at-fault; neither driver is at-fault; none of the above (multiple selection)
- **In the event of an accident in which I am found at-fault, Bodily Injury Liability insurance covers:** The other driver's medical expenses; my legal fees, if the other driver decides to take me to court; my medical expenses, in the event I am injured; none of the above (multiple selection)
- **Please indicate which of the following factors can influence the cost of your car insurance policy:** credit score; driving record, filing an insurance claim; age; miles driven; city/state of residence; car color; car make and model; car age; none of these factors (multiple selection)