



# Insurance Rates Not Accelerated by Toyota Recall

**Car insurance rates shouldn't be affected by Toyota recall and ongoing industry woes**

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*The Associated Press*

**DES MOINES, Iowa**

Many drivers of recalled Toyota vehicles are calling their insurance companies. Not only are they concerned about whether their accelerator may stick or brakes may fail, but they're wondering if they'll be covered if they're in an accident.

Two major auto insurers, State Farm and Allstate Corp., report customer calls have spiked as the Toyota recalls have escalated to 8.5 million cars and trucks.

The short answer to the most asked question is "yes," you will be covered if you drive a recalled model and you're in an accident. The wrinkle is that your insurance company likely will go after Toyota to pay the damage if the wreck was caused by a recalled part.

The unfolding of recall announcements over an extended period has fueled a range of questions about auto insurance and a possible impact on pricing. Here are answers to some of the most pressing questions:

**Q:** What's the insurance industry's current position on covering drivers of recalled Toyotas?

**A:** Auto insurers say if a recalled part causes an accident, your car's liability or collision insurance will cover you.

"This type of unforeseen event is what insurance is for," said Robert Passmore, senior director of claims for the Property Casualty Insurers Association of America, a trade group.

If insurance investigators determine a faulty accelerator caused the crash, the insurer will pay the claim and turn to Toyota for reimbursement. If the insurer gets paid by Toyota, customers may get all or part of their deductible returned.

Drivers of recalled models are now on notice, so they should be sure to get the recommended fixes. If they don't get the part fixed and get in a wreck later, it could cause the insurance company to find them at least partially at fault. Also, it would make it more difficult for the insurer to go back to Toyota for money since the driver failed to make the repairs.

**Q:** Could a recall cause insurance companies to raise their rates?

**A:** Typically a recall will not be enough to cause insurance companies to raise their prices. Several

factors determine insurance rates including how frequently a specific model is involved in accidents, the cost of repairing that model and where the driver lives. Toyota vehicles have good safety records and that's an advantage in holding down costs historically, said Jeffrey Brewer, a spokesman for the PCIA. Because the number of claims filed over a period of years is just one factor in rates, it's unlikely enough accidents attributed to accelerator pedals or brakes will occur to drive up rates.

State Farm insurance said Tuesday it has received numerous claims involving unwanted acceleration problems in Toyota and Lexus vehicles in recent years. The company's trend data pointed to enough of a problem that it contacted the National Highway Traffic Safety Administration in late 2007 about the problem.

Toyota owners should keep in mind that insurance pricing is based on the model of car you have, not the brand. So if your car hasn't been recalled for a possible problem, there's little reason to worry about your coverage or a change in rates.

Q: Are accelerators and brakes included in the safety ratings that come out each year?

A: The Insurance Institute for Highway Safety performs crash tests for vehicles and releases an annual list of top safety picks. Spokesman Russ Rader said Toyota has no cars or trucks on that list this year. He noted the criteria to make the list has been significantly tightened and now includes a test of roof strength for rollover accidents.

Various Toyota models have received top marks for safety in the past. In 2009, several models including the Corolla, Prius, Highlander, Venza, RAV4 and the Tundra and Tacoma trucks were on the list, though none are currently included.

In 2008 only the Highlander, Tundra and Tacoma made the list. No Toyotas made the list in 2006 or 2007.

Only crash worthiness is tested by the group, which conducts side, rear and rollover tests. It does not test the effectiveness of brakes or accelerator pedals, Rader said.

Q: Is it likely that Toyota values could drop and therefore the cost of insuring a used car could also go down?

A: All indications are that used Toyotas are worth less right now. Auto research Web site Edmunds.com estimates in recent weeks that the average value of a used Toyota's has fallen around 4 percent to 8 percent, depending on the model. Spokesman Chintan Talati said the resale value decline is likely temporary and should rebound once the problems are fixed. Edmunds advises against overreacting and dumping your Toyota now because you'll be recouping less than necessary. In the end, a car's value is just one factor in the premium rate set by insurers. It's possible a drop in value could lower the premium for a used Toyota, but it's unlikely to be very significant.

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