



STATE OF TENNESSEE

COMPTROLLER OF THE TREASURY

John G. Morgan

Comptroller

STATE CAPITOL

NASHVILLE, TENNESSEE 37243-0264

PHONE (615) 741-2501

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CONTACT: Susan Mattson, Senior Legislative Research Analyst, (615) 401-7884  
Doug Wright, Assistant Director, (615) 401-7869

**Tennessee's Motor Vehicle Liability Insurance Requirements Sufficient**

Nashville, Tenn. – Tennessee's minimum motor vehicle liability insurance requirements appear sufficient according to a briefing paper released by the Tennessee Comptroller's Office. The minimum requirements for motor vehicle liability insurance correspond to the potential for losses incurred, balanced by the cost of insurance.

Liability insurance covers the personal injury and property damage an at-fault driver causes in a motor vehicle accident.

Tennessee's minimum requirements for motor vehicle liability insurance of \$25,000 for bodily injuries for one person injured in an accident, \$50,000 for all bodily injuries in one accident, and \$10,000 for property damage liability in one accident are comparable to or greater than requirements in most other states.

Despite increases in the cost of health care and motor vehicles since the minimums were established in 1989, the majority of claims appear to be well within the minimum limits even though some claims significantly exceed the limits. In 2005, private passenger auto liability losses nationally averaged \$11,271 for bodily injury claims and \$2,690 for property damage claims.

Increasing the limits would increase the cost of insurance, especially for higher risk drivers, who already pay much higher rates.

The report estimates that increasing the limits to \$50,000 for bodily injuries for one person injured in an accident, \$100,000 for all bodily injuries in one accident and \$25,000 for property damage would increase insurance liability premiums 12 to 22 percent and between \$15 and \$193 per six-months depending on several factors.

The larger "standard" (lower risk) insurers in Tennessee interviewed indicated that 75 to 90 percent of their policies are already above the minimum limits; "non-standard" (higher risk) insurers indicated that almost all (98 percent) of their policies are at the minimum limits.

Increased costs could result in an even higher uninsured motorist rate in Tennessee (21.2 percent in 2004), which is the sixth highest in the nation. Nationally an estimated 14.6 percent of drivers are uninsured.

The paper indicates that additional action may be needed to reduce the high rate of uninsured motorists and better monitor and enforce Tennessee's financial responsibility requirements.

"An Analysis of Tennessee's Motor Vehicle Liability Insurance Limits" is available on the Comptroller's website at [www.comptroller.state.tn.us](http://www.comptroller.state.tn.us).

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