



Do You Need Uninsured/Underinsured Motorist Coverage If You Have Health Insurance?

8 min read



By The Research Academy



11/19/2020



Health Insurance, Motorist Coverage, personal lines



Dwight M Kealy, J.D., MA, CIC, AAI

Do you really need Uninsured/Underinsured Motorist (UM/UIM) coverage if you have health insurance? In these difficult times, people are becoming increasingly creative when it comes to cutting costs. One suggestion I heard was to reduce auto insurance costs by eliminating UM/UIM coverage. The person proposed that UM/UIM is unnecessary if you have health insurance. With ov

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having health insurance coverage, I can see why this suggestion is appealing, but this cost-saving strategy is based on the misunderstanding that UM/UIM and health insurance cover the same things. Health insurance is designed to cover medical bills. UM/UIM coverage is designed to give the car that caused your damages the coverage you wish that car had.

Although policies vary by carrier, UM/UIM is designed to provide coverage to another driver in the event you are in an accident with a vehicle that either has no insurance (UM) or has less insurance than is necessary to cover the damages (UIM).

A vehicle that commits a “hit-and-run” is also often included in UM/UIM coverage. The individuals that are covered by typical UM/UIM policies include the insured, the insured’s family members, and any person occupying the insured’s covered vehicle. The damages covered often include bodily injury to a covered person and property damage caused by an auto accident. Property damage includes damage, destruction, or loss of use to a covered person’s tangible property.

To illustrate the difference between health insurance and UM/UIM coverage, imagine you or a family member is in a serious car accident with an uninsured vehicle. If you have health insurance, hopefully your medical bills will be covered. But what if you or your family member requires long-term care, suffers from life-long extreme pain and suffering, is permanently disabled, or dies? These tragedies are not covered by health insurance policies, but could be covered under a UM/UIM policy if caused by someone with no insurance, insufficient insurance, or a hit-and-run.

State	Per Injured Person Limit	Population Rank	Population
California	\$15,000	1	37,747,267
Florida	\$ 10,000	3	21,646,155
Pennsylvania	\$ 15,000	5	12,813,969
Michigan	\$ 20,000	10	10,020,472
New Jersey	\$ 15,000	11	8,922,547
Massachusetts	\$ 20,000	15	6,939,373
Louisiana	\$ 15,000	25	4,652,581
Iowa	\$ 20,000	31	3,167,997
Hawaii	\$ 20,000	41	1,416,589
Total			117,700,000

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<https://www.iii.org/fact-statistic/facts-statistics-mortality-risk>

Similarly, what if you or your business suffers property damage as a result of a car accident caused by someone with no insurance, insufficient insurance, or as a result of

a hit-and-run? Imagine the driver hits a power pole that knocks out power to your business for a day, or you can't access your business because your entrance is blocked by police investigators? This may qualify as loss of use of tangible property resulting from an auto accident. Therefore, this type of incident may be covered by UM/UIM, but would have nothing to do with health insurance.

In evaluating whether or not you want to purchase UM/UIM coverage, you may want to know what are the odds that you will be in a car accident with an uninsured or underinsured motorist. Let us start with a look at the likelihood of being injured in a car accident at all—whether or not the other driver has sufficient insurance.

- There is an average of six million car accidents in the U.S. every year.
- More than 90 people die in car accidents every day.
- Three million people in the U.S. are injured in car accidents every year.
- Around two million injured in car accidents every year experience permanent injuries.

According to the Insurance Information Institute, there were 40,231 deaths by vehicle accidents in 2017. That corresponds to a one in 103 chance of dying as a result of a vehicle accident.

Highest

Rank	State	Percent % uninsured
1	Florida	26.7%
2	Mississippi	23.7
3	New Mexico	20.8
4	Michigan	20.3

Lowest

Rank	State	Percent % uninsured
1	Maine	4.5%
2	New York	6.1
3	Massachusetts	6.2
4	North Carolina	6.5

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5	Tennessee	20.0
6	Alabama	18.4
7	Washington	17.4
8	Indiana	16.7
9	Arkansas	16.6
10	D.C.	15.6

5	Vermont	6.8
6	Nebraska	6.8
7	North Dakota	6.8
8	Kansas	7.2
9	Pennsylvania	7.6
10	South Dakota	7.7

<https://www.iii.org/fact-statistic/facts-statistics-auto-insurance>

Now that we have a glimpse of the likelihood of being in an accident, you may want to know the likelihood of being in an accident with an uninsured motorist. This largely depends on where you live. The adjacent charts show the Insurance Information Institute's 2015 list of the "Top 10 Highest and Lowest States by Estimated Percentage of Uninsured Motorists." As you can see, if you're in a car accident in Florida, there's a one-in-four chance that the other driver has no insurance at all.

Underinsured Motorists

Even if the driver has insurance, there is a question as to whether or not the driver has *enough* insurance. Every state has a minimum auto insurance liability limit. However, one-third of the U.S. population lives in states where the required per person auto liability limit is less than the average cost for an inpatient stay at a hospital in the USA.

A study funded by the Bill and Melinda Gates Foundation that was published in the January 2019 issue of a public health journal found that the average cost for an inpatient stay at a hospital in the US in 2016 was \$22,543.

Compare this with the minimum liability limit of \$15,000 in California, Pennsylvania, New Jersey, and Louisiana; and \$20,000 in Michigan, Massachusetts, Iowa, and Hawaii. In Florida, the per person auto liability limit is \$10,000. This means that even if you are in an accident with someone who has insurance, in many cases, the insurance the other driver carries will be insufficient to pay for the average inpatient stay at a hospital.

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The danger of using an example including medical bills is that it risks reinforcing the belief that UM/UIM is unnecessary for those who have health insurance. It is true that if you have perfect health insurance that covers all of the bills of your hospital stay, and you and your caregivers do not miss any work or experience any loss of income, and you do not experience any pain and suffering or die, your perfect health insurance in this perfect situation may have been enough for you. Unfortunately, there are no perfect accidents. A recent study found that 66.5% of personal bankruptcies cited medical issues as the reason for the bankruptcy. Of these, 88% (58.5% of total bankruptcies) were specifically caused by medical bills. The remainder were caused by those who had to take time off of work and were not getting paid due to medical issues.

With UIM coverage, you can give the driver who hit you the coverage you wish that driver had.

Another danger of writing this article as an insurance professional who also happens to be an attorney is that I've heard people say that the only people who insist on others buying UM/UIM coverage are attorneys because attorneys want to go after the policies to get paid. It is true that most plaintiff attorneys get paid based on the amount that they are able to recover. If the attorney is able to help an injured party recover a larger amount, the attorney will get paid a larger amount. The typical fee for a car accident often ranges between 25% and 40% of the amount recovered. To this end, if you want to ensure that no attorney gets paid a large amount in the event that you or a loved one dies or is permanently disabled in a horrible car accident by an uninsured, financially insolvent driver, you could avoid purchasing a UM/UIM policy. This way, in a 1/3 contingency fee situation, instead of an attorney receiving \$100,000 and your family receiving \$200,000, you can ensure that both you and the attorney will receive nothing.

When deciding on whether or not to purchase UM/UIM coverage, you can ask if you would want coverage in case you are in an accident with an uninsured or underinsured motorist that causes you or someone in your household to miss work, causes significant pain and suffering, causes a permanent life-altering disability, death, or property damage. This is what a UM/UIM policy is designed to cover. If you're relying on health insurance, you probably have no coverage.