

Non-Standard Auto Coverage

Most properly licensed persons who drive cars (including vans, SUVs, hybrids, crossovers or pickup trucks) are eligible policies designed for standard and preferred drivers. In the insurance world, standard and preferred refer to, respectively, normal and superior exposures for creating possible losses. These are persons who, typically:

- Drive vehicles that are relatively inexpensive to repair or replace
- Do not use their cars for business use
- Have good driving habits
- Do not suffer impairments that seriously affect their ability to drive
- Do not rack up an inordinate amount of annual mileage
- Have few accidents and/or traffic violation

Drivers who fall outside of the typical range of vehicle operators qualify as non-standard drivers. While non-standard could have a negative meaning, it is much better than its predecessor term, substandard drivers.

There is no actual definition of a non-standard driver and this is true of the terms standard and preferred as well. Rather, these terms refer to three levels of markets for which insurers create distinct sets of premiums and coverages. Standard and preferred policies typically offer more coverages at lower costs than non-standard programs. Traditionally, a given insurance company chooses to operate in the Standard/Preferred market or the non-standard market. However, a recent trend is for “standard” carriers to offer their own “non-standard” program.

Since, usually, non-standard drivers cause more losses, insurers use methods to control their financial risk for covering such drivers, such as charging substantially higher premiums, offer modest coverage limits, excluding certain driver situations and restricting the types of coverage. Besides charging higher premiums, non-standard insurers often charge additional amounts for tickets and accidents. Limits are controlled by offering limits that match what is required by state laws or offering limits slightly higher than these minimums, but which are far less than what is provided by standard and preferred programs. Non-standard programs often are more restrictive, excluding coverage for situations such as special or custom vehicle features (stereo systems, custom wheels, special paint jobs, engine enhancements, etc.). These programs may also bar coverage for more situations, such as when a loss involves a car that the driver has either rented or borrowed.

Being classified as a non-standard driver is often a temporary situation that can change with the passage of time, such as newly licensed drivers, or drivers who had a period of several tickets or accidents. Other situations involve the opposite, where drivers may be re-classified because of having a medical impairment or who reach a very advanced age. Other reasons for re-classification may be due to the vehicle, such as operating a car that is too old to be written by standard insurers, as well as cars that are highly customized, are very expensive or are designed for higher performance.

There are a number of reasons why a driver’s only option is the non-standard market, including merely having a preference for a minimum amount of insurance protection. However, it is a market that provides full coverage (protecting against legal liability for causing loss to others and protecting against damage to one’s own vehicle), though the coverage is not as broad or economical as what is available from the standard market. Regardless, this market performs a critical role that permits a greater number of drivers and vehicles to get needed insurance protection.

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