



Insurance Rates Not Accelerated by Toyota Recall

Written On February 15, 2010 By [Bob Kraft](#)

With the big auto recalls from Toyota, Honda, and other companies in the news recently, people are wondering how the recalls or defective parts might affect their insurance coverage. The [ABC News Web site](#) had a good article about the questions consumers are asking of their insurance carriers. Here are a few excerpts:

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.

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.

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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 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: 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 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.