

## Insuring SUVs

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Private passenger vehicles include coupes, sedans, sports cars, pickups, vans, mini-vans, station wagons, jeeps and sports utility vehicles (SUVs). These vehicle classifications are based primarily upon the physical characteristics, driver use and performance. For example, sports cars are built low to the ground (low profile or clearance) for peak handling ability and speed. Pickup trucks have more powerful engines and open cargo areas for hauling and towing. SUVs have a high clearance or profile and have enclosed cargo areas. They are capable of handling off-road driving, accommodate more passengers (compared to trucks) and have a higher cargo-carrying capacity. SUVs could legitimately be considered as hybrids of other vehicle types. One thing SUVs have in common with other vehicles is that they have to be insured.

### Insuring SUVs - A Rollercoaster

SUVs have come to dominate vehicle sales as well as the nation's roads. Insurance companies have had to create a pricing and underwriting philosophy toward them. As it turns out, a pricing and underwriting approach is less of a philosophy and more of a rollercoaster ride. Why has it become a ride? Well, at first glance, it seemed to make sense to charge a LOT to insure an SUV! SUVs are big and very expensive, which translates into being very expensive to repair or replace. Then it became apparent that passengers were safer in such heavy vehicles, so it would cost less to pay for their injuries in accidents. Then insurers recognized that something was overlooked: those big, safer vehicles inflicted higher damage to smaller cars during accidents, so more money is paid for injuries to other drivers and their demolished vehicles.

### Insuring SUVs - Two Rollercoasters

Now there is more than one rollercoaster ride as insurers are focusing on different areas of these perplexing vehicles. One insurance powerhouse is focusing on the fact that SUVs are safer for their passengers. Since owners and riders don't suffer as many injuries, it has announced a discount for the rates it charges for Medical Payments coverage (which pays for injuries to the persons named as insureds under an auto policy). Simultaneously, several other well-known insurers have publicized plans to increase SUV rates on liability coverages (which pays for injury or property damage caused by an insured driver).

### Keeping Insurance A Mystery

An immediate result of these contrary approaches is to continue the industry's strong tradition of being a mystery to consumers. It is difficult for the SUV-buying public to understand how different insurance companies use different reasons to create prices for the same type of vehicle/ The only thing that is clear is this: if you have questions about insuring an SUV run, don't walk, to an insurance professional and talk about your needs.

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