

The Consumer Insurance Guide

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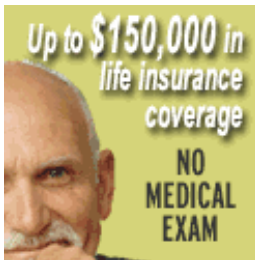
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How a DUI conviction affects your insurance

By Insure.com

Many insurance companies check your motor vehicle record only once every three years or when you're applying for a new policy. Sometimes, accidents, tickets, and drunk-driving convictions can escape your insurer's attention or don't end up on your motor vehicle record. However, if your insurer does find out about a driving under the influence (DUI) conviction, you're likely to feel the pinch of higher rates and possibly policy cancellation or nonrenewal.

There are two ways insurance companies generally deal with customers convicted of DUI. First, your insurer will likely raise your insurance premiums and label you a high-risk driver if it finds out you've been convicted of DUI. In this case, you'll likely have to file proof of insurance for three — sometimes five — years with your state's department of motor vehicles. Your insurance company will have to provide the DMV with an SR-22 form, which removes your license suspension by providing the state with proof of insurance. An SR-22 also means your insurance company is *required* to notify the DMV if it cancels your insurance for any reason.

Most state laws require DUI convicts to get an SR-22 from their insurers, so you can't hide. In addition, your company may cancel your insurance mid-term or terminate the policy at the end of the term because of your DUI conviction, especially if you are currently in a preferred class. Your company will send you a notice stating why you've been canceled, and then you'll have to find another insurer while having a cancellation on your claims history.

Some insurance companies don't offer SR-22 policies, so you may also be nonrenewed or canceled because your company can no longer provide what you need.

Certain states *don't* allow insurance companies to drop you in the middle of the policy term even for a DUI, so make sure you know the laws in your state.

Insurers can miss DUI convictions

It's possible that your insurance company will never find out about your conviction if you don't have to get an SR-22. A June 2002 study by the Insurance Research Council revealed that as many as one-quarter of driving convictions never end up on motor vehicle records, due to lack of shared information between courts and motor vehicle departments or because a conviction has been erased through alternative means, such as driving school. If you get your charge reduced in a plea bargain, or have a limited license suspension, such as 30 days, it's also very unlikely your insurer will find out about your conviction.

If your insurance company misses the conviction at the time it happens, it has three years, according to most state laws, to cancel your policy or raise your rates because of the DUI.

Rates don't always go up

You may be surprised to know that when your insurer does find out about a DUI conviction it doesn't automatically impose higher premiums. The insurer will look at your history with the company and your claims record, and your fate is in its hands.

For example, State Farm's action depends on which

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subsidiary you're with. If you have a preferred policy with State Farm Mutual Insurance Co. and receive a DUI, State Farm may move you into State Farm Fire & Casualty, which is the standard-policy company. If you're moved from preferred to a standard status, you'll be paying higher rates already. State Farm will also review your motor vehicle and insurance claims history to determine if it needs to raise your rates further.

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