

Why Insurance Rate Increases after Accident

Insurance premium rate often increases after the owner experiences car accident. This fact often makes car owners wonder: **how much does insurance go up after accident?** And what is the cause of this spike? Here is what you need to know about car insurance rate increase.

Bodily Injury and Risky Drivers Heavily Increase Rate

Insurance rate almost always increases after the accident, but several factors make the increase higher than normal. The first is the at-fault or risk factor in the driver. In the US, at-fault drivers can find their insurance rate goes up as much as 44 percent. A driver that has several high-risk factors, or stores a bad driving record, can also experience an extreme increase in his or her insurance rate.

Another factor that can increase insurance rate after an accident is a bodily injury. This kind of injury is usually costly to settle. While increase rates vary between states in the US, the numbers can range between 62.3 percent (Massachusetts) and 73.2 percent (California).

Increase Rate Varies between States

Depending on where you live, the increase of your insurance rate may not follow the same rules. Several states have the lowest insurance rate increase, such as Maryland, Michigan, Oklahoma, Montana, and Kentucky. Most of the percentage rates of increases in this state are under or around 30 percent.

There are also states that have records for the highest increase rates in insurance after an accident. States such as Massachusetts, North Carolina, Texas, New Hampshire, and California boast increase rates between 50 and 67 percent. These increase rates usually apply for any claim that worth \$2,000 and higher.

Increase of Insurance Rate is Legal

The rise of premium rate after an accident may be surprising for many drivers, but this thing is completely legal in all states. Insurance companies believe that every driver who makes a claim is likely to make another, even if it is his or her first claim. It is the reason all drivers can expect their rates to increase after an accident.

Compared to high-risk drivers, the more careful ones can use their good driving record to reduce the rate. Drivers who have defensive driving course license, or those who never have a history of tickets and accidents, are likely to have a lower spike in their insurance rate, even after the accident.

How to Handle Insurance Rate Increase

First, insurance rate increase usually only applies if you are at-fault in an accident because the settlement is handled through your insurance provider. If you are not at-fault, you do not need to overthink about it, since the claim is usually made through the other person's insurance provider.

If you are the one that is at-fault, or if the accident does not involve somebody else, you may want to pay for it, if the cost is close to the deductible. Also, if the claim seems frivolous or easy to handle financially, try paying from your pocket first instead of making a claim. While you cannot avoid an increase in premium rate, you can at least use the claim for large-scale damage that can hurt your finance.

Knowing **how much does insurance go up after accident** is a good preparation, but you can consider several solutions to prevent this increase from affecting your finance.