

# Reducing Motor Vehicle Theft:

## How Insurance and Rental/Leasing Companies Are Helping Vehicle Owners and Law Enforcement Prevent and Discourage Vehicle Theft

Insurance and rental/leasing companies are vital partners with consumers and law enforcement in reducing the number of vehicle thefts every year and decreasing overall losses from vehicle theft. Each year, the National Highway Traffic Safety Administration (NHTSA) collects and analyzes data from these companies on their efforts to prevent and discourage vehicle theft. This fact sheet summarizes NHTSA's key insights from the most recent reports and arms companies, citizens and law enforcement with the information they need to educate people in their communities and to promote vehicle theft prevention. To read the full report, visit <http://www.nhtsa.gov/Vehicle+Safety/Vehicle-Related+Theft/Analysis+of+Insurer+Reports>.

### How Common is Vehicle Theft?

- Nearly 357,000 people filed insurance claims for stolen vehicles in 2006.
  - Almost 30 percent of those were for late-model vehicles – the four most recent model years (MY 2003-2007).
- More than 97,000 late model vehicles were stolen in 2006, but only 65 percent were recovered.
  - The rate is higher for passenger cars – 72 percent – and significantly lower for motorcycles – 21 percent.

### What is the Cost of Vehicle Theft?

- Vehicle theft directly and indirectly costs insurance companies, vehicle owners and law enforcement agencies.
- Insurer payments for vehicle theft claims totaled more than \$1.4 billion in 2006, the highest amount since NHTSA began tracking in 1987.
  - Most of the payments – between 86 and 100 percent – were for the theft of the vehicle itself.
  - While the number of vehicle thefts has declined since 1987, the loss per theft has risen.
- Theft accounts for a disproportionate share of insurance losses. While theft claims comprised only 4 percent of all comprehensive claims made in 2006, they accounted for about 21 percent of all claim payments.
- Rental and leasing companies suffer too. In 2006, they lost more than \$10 million due to vehicle theft.

## How Does Vehicle Theft Impact Insurance Rates?

- The likelihood of theft is a factor in how insurers set premium rates, along with vehicle, driver and geographic information.
  - The main criteria for setting comprehensive premiums are the value of the vehicle and the overall loss experience (calculated by number of thefts and the costs associated with those incidents).
  - Insurers generally base rates on their overall loss experience rather than pegging vehicle-specific rates to that model's likelihood of being stolen.
- Many insurance companies – about 43 percent of those reporting – offer premium discounts for vehicles with anti-theft devices.

## What Are Insurance Companies Doing to Reduce Theft Loss?

- Educating and rewarding owners for protecting their vehicles – nearly 15 million vehicle owners received a discount for taking steps to prevent theft
- Collecting and sharing data on stolen vehicles with law enforcement
- Investigating suspicious claims
- Providing free VIN etching on vehicle parts
- Providing “bait” vehicles to local law enforcement

**The number of auto theft claims has plummeted since the late 1980s – from more than 640,000 a year to fewer than 360,000. By working together, car owners, insurance and rental/leasing companies, and law enforcement agencies can help drive this number even lower, saving everyone frustration, time, and money.**

## Factors That Influence Auto Insurance Premiums

### The driver:

- Age
- Sex
- Driving record
- Marital status

### The vehicle:

- Vehicle age
- Vehicle line loss experience
- Cost
- Anti-theft devices installed

### Vehicle use:

- Primary purpose (e.g., commuting, business)
- Annual mileage
- Garage type and location
- Where it is driven

## Types of Anti-Theft Devices

- Immobilizers
  - (e.g. starter cut-off switch, fuel cut-off system)
- Alarm
- Steering column shield
- Window ID system
- Vehicle recovery system
- Brake locks
- Transmission lock
- Anti-hot-wiring circuit