

Press Releases

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Press release: Biggest insurance confusions involve houses and red cars, says Insure.com survey

By [Insure.com](http://insure.com) Posted on October 20, 2014

Oct. 20, 2014 (Foster City, Calif.) – Misinformation about insurance for houses and red cars ranks highest among the insurance myths that people believe are true.

Insure.com recently surveyed 2,000 adults and asked whether 10 insurance-related statements were true or false. (All the statements were false.)

Over half of people surveyed (52 percent) have a misunderstanding of how to insure a house. Most believe a house should be insured for its real estate market value. In fact, one should insure a house based on the cost to reconstruct it. Depending on the area of the country, this means homeowners could be significantly under-insuring or over-insuring their homes – either of which would be an unfortunate personal finance mistake.

Insure.com also looked at who was more likely to believe a myth – men or women. In all cases except one, men were more likely to be duped by an insurance myth.

In the only exception, women were more likely than men to erroneously believe that red cars cost more to insure than other cars, due to the perception that they get ticketed more. But car color is not a factor used by insurance companies in setting rates.

“I hope no one passed up the red Miata they really wanted because they thought the insurance would be more expensive,” said Amy Danise, editorial director of Insure.com.

The biggest disparity between men and women involved the myth that out-of-state speeding tickets can't follow you home. They can follow you, and can lead to a rate increase depending on your insurance company. Men were far more likely to think that speeding tickets can't follow one home (66 percent) than women (34 percent).

Below are the myths, the realities and gender breakdown of those who believe the myths are true.

Myth 1: I should buy insurance coverage for my house based on its real estate market value.

- 52% think it's true (45% women, 55% men).
- Reality: Buy coverage based on a home's cost to reconstruct (materials and labor).

Myth 2: Red cars cost more to insure because they get pulled over for speeding more.

- 46% think it's true (52% women, 48% men).
- Reality: Car color doesn't affect insurance rates.

Myth 3: If I cause a crash with extensive damages to others, my auto insurance company can cancel me immediately.

- 44% think it's true (50% women, 50% men).
- Reality: If an insurer wants to drop a customer due to claims, it generally has to wait until the policy period is up.

Myth 4: Small cars are the cheapest to insure.

- 40% think it's true (42% women, 58% men).
- Reality: Small and mid-size SUVs and minivans are generally the cheapest to insure. Small cars are not, often because they're chosen by more inexperienced drivers who tend to make claims, and because passengers incur more expensive injury claims.

Myth 5: The Affordable Care Act (also called Obamacare) allows health insurance companies to base rates on medical conditions such as high blood pressure, heart disease and cancer.

- 36% think it's true (42% women, 58% men).
- Reality: It's just the opposite – the Affordable Care Act prohibits health insurers from basing rates on pre-existing conditions.

Myth 6: Comprehensive auto insurance covers everything and anything.

- 32% think it's true (41% women, 59% men).
- Reality: Comprehensive coverage is tragically misnamed. It covers only narrow portions of possible problems, including car theft, storm damage, animal collisions and vandalism.

Myth 7: Thieves prefer to steal new cars.

- 29% think it's true (42% women, 58% men).
- Reality: It's more lucrative to steal old cars and sell them for parts.

Myth 8: If my friend borrows my car and crashes it, their insurance will pay for damage.

- 25% think it's true (48% women, 52% men).
- Reality: You and your insurance are on the hook when someone else drives your car.

Myth 9: The Affordable Care Act (also called Obamacare) requires me to take the health insurance plan offered by my employer.

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- 19% think it's true (41% women, 59% men).
 - Reality: The Affordable Care Act requires almost all Americans to buy health insurance but doesn't say where they must get it.

Myth 10: Out-of-state speeding tickets can't follow you home.

- 13% think it's true (34% women, 66% men).
- Reality: Oh yes they can.

"These misunderstandings can lead to financial loss," said Danise. "We hope the survey results open people's eyes to their true risks and insurance gaps."

An [infographic and chart of survey results](#) are available.

Methodology

Insure.com commissioned an online-panel survey of 2,000 licensed drivers, half women and half men, with respondents representing all regions of the country according to Census population data. The survey was fielded in September 2014.

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