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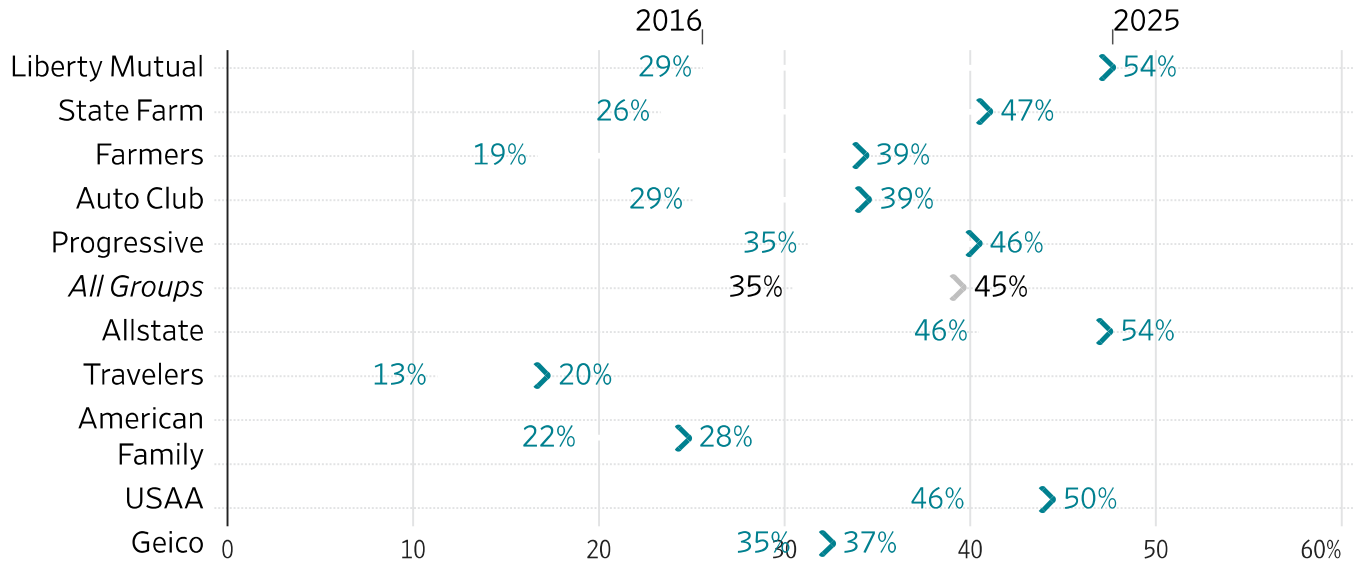
MARKETS & FINANCE

If You Get in a Car Crash, the Risk Is Growing Your Insurance Won't Pay

Americans require a policy as a condition of driving, but it often doesn't provide the backstop car owners expect

By Jean Eaglesham and Jaclyn Jeffrey-Wilensky
Aug. 9, 2026 5:30 am ET

Percentage of auto-insurance liability/medical claims closed without pay by insurance group, 2016-25



Note: Geico data include some claims for National Indemnity, which is also owned by Berkshire Hathaway.
Source: WSJ analysis of National Association of Insurance Commissioners data

Americans got into more than six million traffic accidents last year.

Depending on the type of crash, the chance of getting a payout from your insurer has become increasingly remote.

Auto insurers didn't pay out on 45% of auto liability and medical claims they resolved last year, according to a Wall Street Journal analysis of thousands of company

regulatory filings. That rate might change slightly as more claims are resolved, but it is up from around one in three, or 35%, of such claims a decade ago.

Americans are required to pay for car insurance as a condition of driving. Yet often, the insurance doesn't provide the financial backstop that car owners were expecting.

The near flip-of-a-coin chance of being left empty-handed on liability and medical claims, and the yearslong trend toward relatively fewer payouts, mirrors what's happening to homeowners and their insurance coverage, the Journal previously reported.

Bumper accident

Christopher Benton hit another car, what he called a "little bumper accident," in 2023. The Adelanto, Calif., lab technician assumed his $5,000 liability-coverage insurance claim would sail through. But Allstate-owned National General refused to pay a cent. The reason? His 15-year-old son.

The teenager wasn't in the family's 2012 Chevrolet Silverado at the time of the fender-bender. He didn't even have a driver's license. But National General said his absence from the policy application breached its requirement to disclose all household members ages 14 or over.

Benton said both he and his broker were unaware of this reporting requirement until after the accident. When the insurer then asked him about his family, "it really threw me off," he said.

"That's why you pay for insurance," he added. "It doesn't seem right they can just not pay."

He's now part of a class-action lawsuit alleging National General set up its application process to discourage the required disclosures.

"It was deliberately designed this way, so that they have this ace card in their back pocket if there's an accident," Justin King, Benton's lawyer, said.

National General has denied any allegation of wrongdoing in response to the lawsuit. An Allstate spokesman declined to comment on the case.

Attorneys and profits

Insurers and consumer advocates disagree on why the odds of getting paid on auto liability and medical claims have worsened.

The industry says an uptick in fraud, driven in part by fake claims enhanced with AI tools, is triggering more denials. It also points the finger at attorneys.

"People are going to litigation as a first step, instead of a last resort," said Sean Kevelighan, chief executive of industry group the Insurance Information Institute.

Plaintiff lawyers say they are being made the scapegoat for a problem of the insurers' own making.

"Litigation is increasing because more claims are being denied—not the other way around," said John Morgan, founder of Orlando, Fla.-based law firm Morgan & Morgan.

Consumer advocates say insurers are being tougher with claims to boost profits.

Personal auto insurers last year paid out around 61 cents in claims for every dollar in premium, their lowest so-called net loss ratio since 2020, according to S&P Global Market Intelligence.

"The industry uses claim lowballing and denials to wring extra profit out of customers who don't have the resources or, in some states, the rights to fight back," said Douglas Heller, director of insurance at the Consumer Federation of America.

Claim rates

Auto claims are divided into two broad categories. The first is auto damage, claims under collision cover to repair or replace your car after an accident or, if you have comprehensive coverage, after it is stolen or damaged by fire, flood or vandalism.

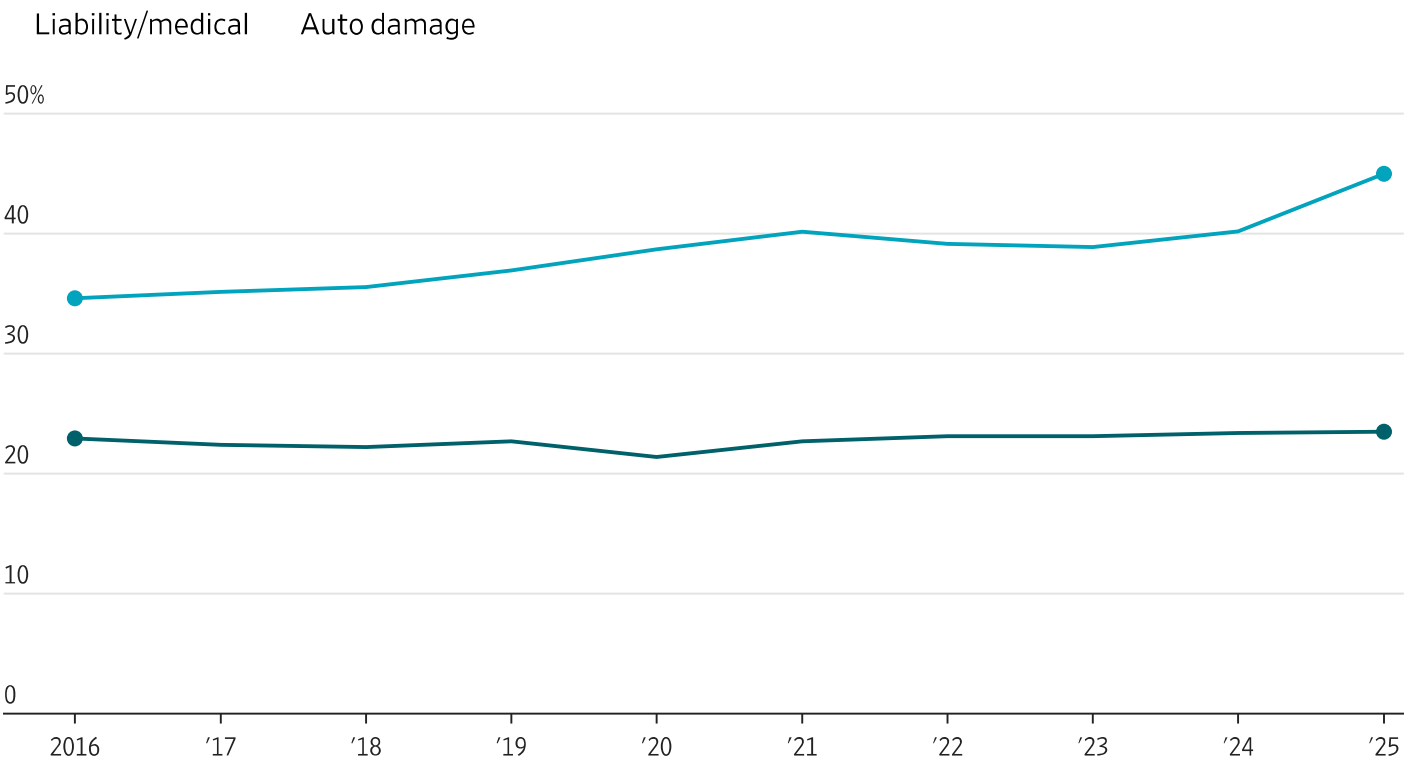
Insurance customers stand the best chance of getting paid with these claims. Just under one in four that were resolved last year resulted in no payment, the Journal's analysis found, similar levels to a decade ago.

The other category is medical costs and liability, or losses from an accident you

caused, including damage to the other car and its driver and passengers. There is also uninsured and underinsured motorists coverage that may pay out if you are hit by a driver who doesn't have sufficient auto insurance.

It is here where customers are increasingly finding frustration.

Percentage of auto-insurance claims closed without pay, by type of claim



Note: See methodology below for more information.
Source: WSJ analysis of National Association of Insurance Commissioners data

Claims for liability and medical coverage are typically more complicated, more likely to involve lawyers and more expensive than those for auto damage.

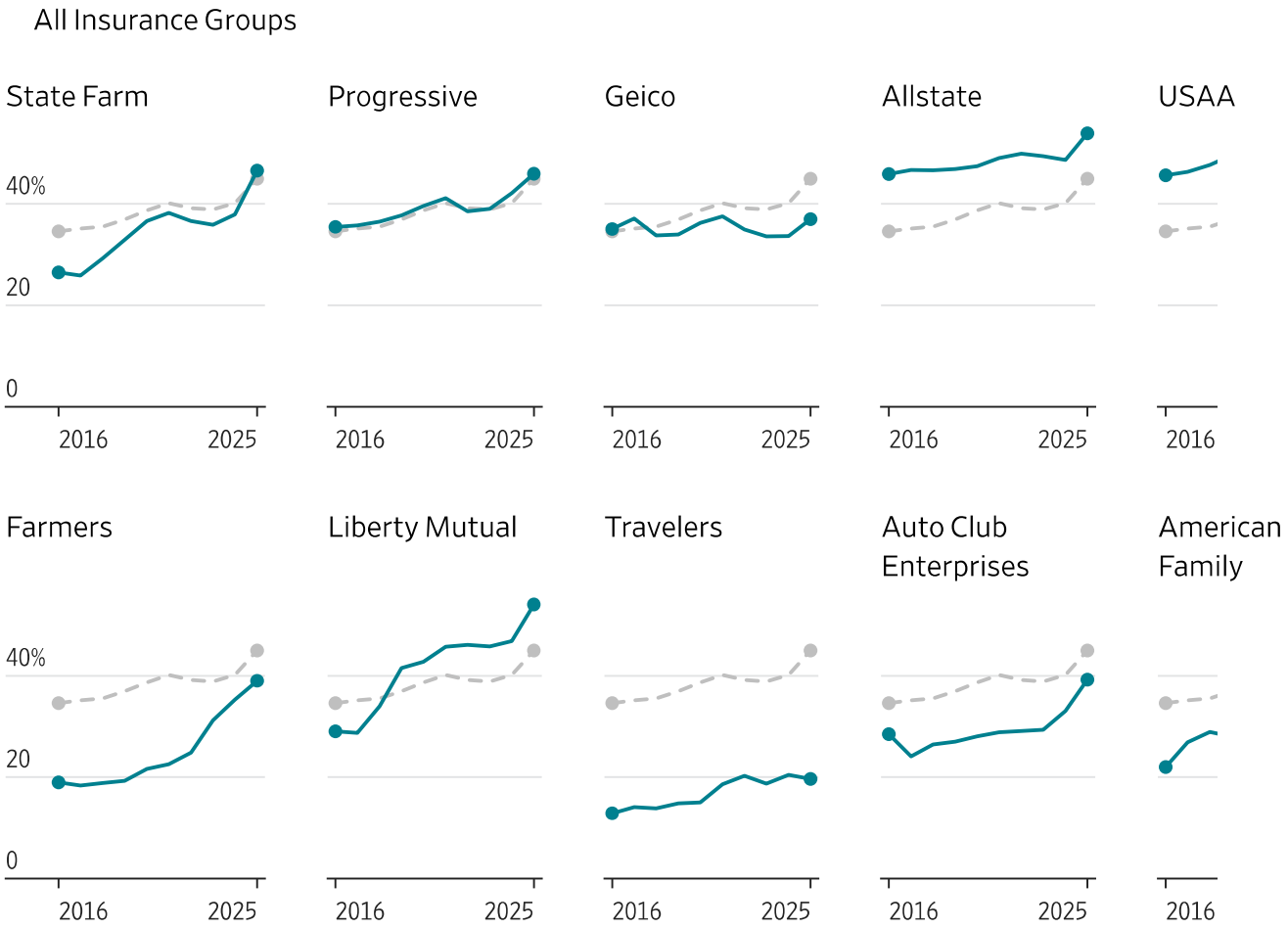
Insurers "put more guardrails in place" for such claims, increasing the odds of disputes that result in no payment, said Michael Zaremski, an insurance analyst at BMO Capital Markets.

Regulators allow insurers to define claims differently, which affects comparisons of no-payment rates between companies. So the Journal looked at how each insurer's rate has changed over time, relative to its own performance and the industry as a whole.

Among the 10 biggest auto insurers, Farmers, Liberty Mutual and State Farm had the

biggest increases in no-payment rates for liability and medical claims over the past decade, the analysis found. The Journal's analysis didn't include claims that hadn't yet been closed. Because those claims can take years to pay out, recent years' payment rates will likely reduce slightly in the future as more claims are resolved.

Percentage of auto-insurance liability/medical claims closed without pay by insurance group, 2016-25



Note: See methodology below for more information. Geico data include some claims for National Indemnity, which is also owned by Berkshire Hathaway.
Source: WSJ analysis of National Association of Insurance Commissioners data

Representatives of the insurers said their companies are committed to handling claims fairly and paying promptly what is owed under the policy.

A State Farm spokesman said the factors affecting no-payment rates included higher deductibles and claims from third parties, such as public adjusters and "advertising-driven attorneys."

A Farmers spokesman said the company takes "great pride in ensuring customers receive their policy benefits following a covered loss." He said the Journal's analysis

presented "an incomplete picture of the claims outcomes of the vast majority of our customers," without elaborating.

Some insurers say they prefer to look at their internal rates of denials—or claims covered by the policy but not paid due to, say, fraud. Denial rates typically aren't reported publicly.

Insurers say customers as a whole benefit from tight controls on payouts.

"We have to pay what we owe, not a dollar more," Jess Merten, Allstate's head of property-liability, told a conference in March. "The better we are in claims, the less that we have to charge customers."

Insurers said the no-payment tallies reported to regulators include claims that were paid by the other driver's insurer, withdrawn by customers, outside the policy terms or for less than the deductible—the amount the customer has to pay before the insurer kicks in.

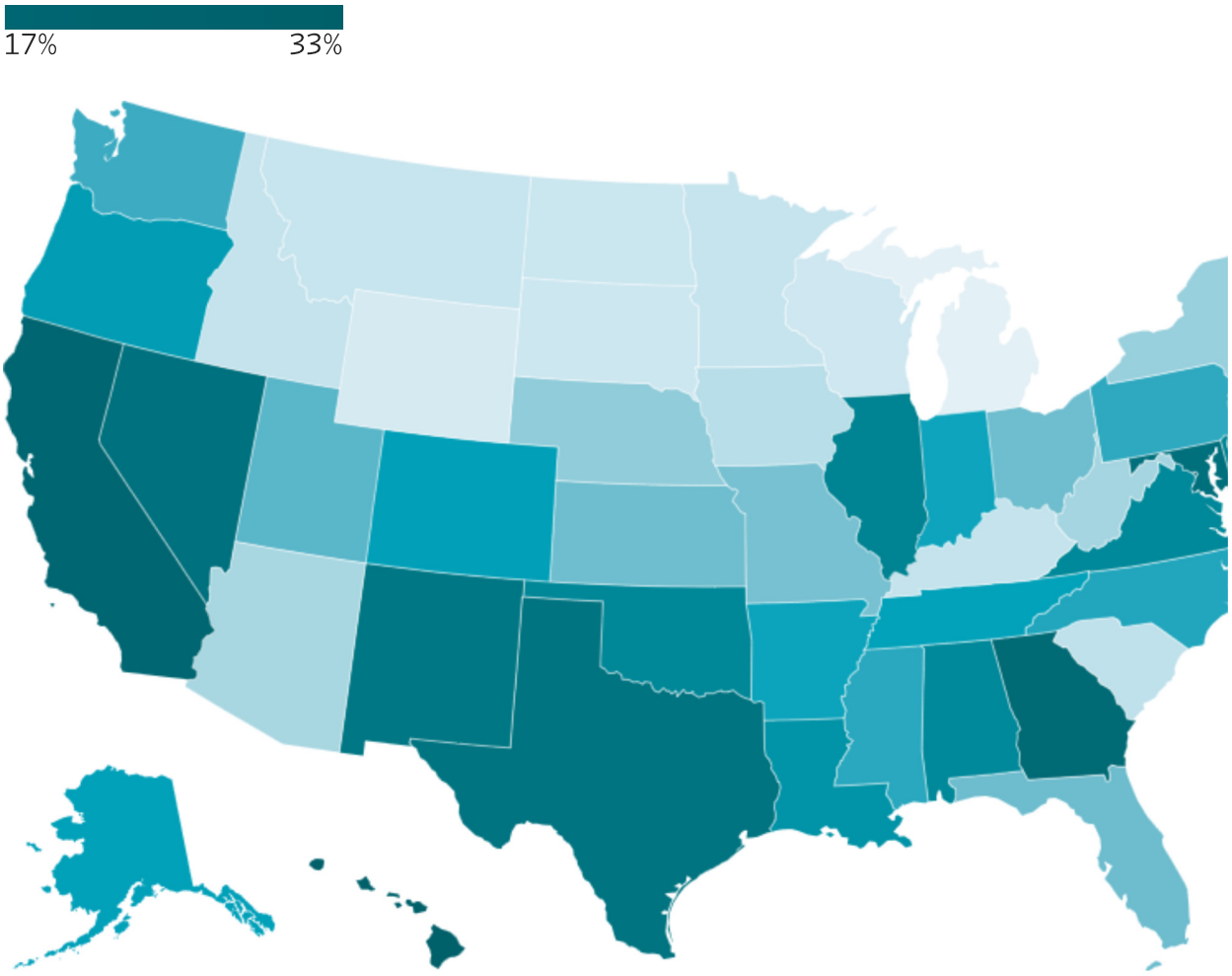
"A claim can close without payment for good reasons," said Erin Collins, senior vice president at industry body the National Association of Mutual Insurance Companies. This shows the system working to protect policyholders at large, she said.

Location has a big influence on the odds of no payment for auto claims. Drivers in Hawaii and California were last year almost twice as likely not to get paid on a resolved claim as those in Michigan, the analysis found.

State regulations, such as caps on attorney fees that curb litigation, can affect nonpayment levels, industry bodies said. So, too, can deductibles, with higher average levels for a state likely to lead to more claims closed without payment, they added.

Percentage of auto-insurance claims closed without pay, 2025

As a proportion of claims closed.



Source: National Association of Insurance Commissioners

Undisclosed drivers

State Farm, which this year lost its decades-old crown as the nation's leading auto insurer to Progressive, is cracking down on payouts for accidents where the driver hasn't been identified on the policy, according to internal documents reviewed by the Journal.

Starting last October, State Farm changed the terms of renewal auto policies to add a "duty to notify us of changes," including any new regular drivers of the car, the documents show.

State Farm sent a memo to its network of sales agents titled "Undisclosed Drivers." It said claims involving drivers not listed on a policy cost it nearly $1.5 billion a year.

The undisclosed drivers initiative will likely result in more claims denials, the memo suggests. It cites sample scenarios where the insurer would often have paid out in the past, but could deny the claim under the new policy wording.

One involves an imaginary 16-year-old, Lily, who recently got her license and crashes while driving in her mom's car.

A spokesman for State Farm said knowing who regularly drives a vehicle "helps customers have the right coverage at a price that fairly reflects the risk being insured."

Methodology

To measure how often personal auto-insurance claims go unpaid, the Journal analyzed data that insurers file each year with the National Association of Insurance Commissioners, covering 2016 to 2025.

Insurers report personal auto claims for liability or medical costs separately to claims for auto damage. To calculate a nonpayment rate for each type of loss, the Journal divided the number of claims an insurer closed without payment in a given year by the total number it closed that year. Claims still open at year's end were excluded. The Journal pooled underlying filings for large insurance groups, summing claims across all reporting units.

Not every claim closed without payment was denied. The analysis captures claims that fell below a policy's deductible, were withdrawn by the driver or involved damage the policy doesn't cover. The data don't include the reasons claims were closed without payment, including the share caused by rising deductibles.

Insurers also define and count claims differently, so regulators caution nonpayment rates aren't directly comparable from one company to the next. To address that, the Journal also looked at each insurer's track record on payouts for the last decade.

The Journal used the most recent filings for which the data were available. The 2025 data is preliminary; final nonpayment rates for recent years will likely come down slightly as outstanding claims are resolved and large insurers consolidate their filings.

The largest personal auto insurers were identified using 2025 market-share data from rating firm AM Best. The state-by-state analysis draws on the NAIC's Market Conduct Annual Statement, published on its website.

Appeared in the August 10, 2026, print edition as 'Insurer Payouts For Car Crashes Get Less Likely'.

Jean Eaglesham is a reporter covering insurance for The Wall Street Journal. She's based in London but covers the

industry worldwide. Her articles cover all types of insurance: car, home, life, commercial and catastrophe coverage. Jean has previously reported for the Journal on accounting and on the Securities and Exchange Commission. Before joining the Journal, she worked for the Financial Times, including as chief political correspondent.

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