

Kinds of Auto Coverage in your Policy

**What they mean and
How they work !**

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Kinds of Auto Coverage Available

Most auto insurance policies will include the following kinds of coverage, although not all of them may apply to every vehicle you insure:

Bodily injury liability: You should have this kind of coverage on every auto policy. If you are driving and cause a wreck, or someone is using your car and causes a wreck, it will cover claims for personal injuries or death up to the limits you have purchased.

Property damage liability: Not all collisions or accidents injure people, sometimes it may just be a “fender bender” where you have to pay to repair someone else’s car. This coverage would also apply to paying for the costs of repairing a fence that was damaged by your car or any other damage to property caused by your car.

Medical payments: Even if you have health insurance, you probably have “med pay” on your auto policy. This kind of coverage pays for medical bills you or your passengers incur in a collision. Most of the time the amount of “med pay” on auto policies is fairly small (\$10,000 or less) and not enough to protect you if you have serious injuries.

Uninsured motorist protection: EVERYONE should have uninsured motorist coverage. This coverage protects you if someone else causes you injuries and is not insured. As an example, if you are hit by a bad driver

who as lost his/her license you can make a claim against the other driver and your insurance company has to pay it and then figure out how to get their money back from the driver that hurt you. It goes without saying that most of the worst drivers are uninsured, and having this coverage is your only legal protection. This coverage also kicks in if the other driver has lower limits than you do and your claim is larger than the amount of insurance available from his company.

Collision coverage: This coverage pays to repair damage to your car, up to an amount considered the resale or book value of the car. If your car is financed, this coverage is mandatory. If there is a loss, remember that the insurance company only pays the value of the car, and that amount may not be enough to pay off the car note. If the car has depreciated significantly from the purchase price and amount of the note is higher than it's value – collision coverage (while essential) may not be enough to get you into a new car if your car is totaled.

Collision coverage will have a deductible, an amount that comes out of your pocket before the insurance company pays. The thing to remember is that if you have a higher deductible (\$1000 as an example), your premium charged for collision coverage will be lower. Many people choose a low deductible (for example \$250) because they don't know that they will predictably have more than that to put to repairs if their car is damaged. If you are driving a clunker that is likely to be "totaled" in even a minor collision, you might decide to skip buying collision.

Comprehensive Coverage: For all the other ways that you can lose your car or it can be damaged (fire, flood, theft, fire) comprehensive coverage reimburses you for the loss (subject to a deductible).