



Automobile Insurance

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All About Automobile Policy Coverage

BI? UM? PIP? If you are trying to make sense of your automobile insurance options and the limits that you need, we can help. We've covered the basics to help you read and understand your coverage options and policy language.

Comprehensive and Collision

Collision - Covers damage to your car when your car hits, or is hit by, another vehicle or other object. Collision pays to repair your vehicle, less the deductible you choose. For older cars, you may want to consider dropping this coverage, since it is typically limited to the cash value of your car. This coverage is not required by a state, but if you have a loan or a lease, then the lien holder will require it.

Comprehensive (Other Than Collision or OTC) - Covers your vehicle, and sometimes other vehicles you may be driving, for losses resulting from incidents other than collision. This includes damage to your car if it is stolen or damaged by flood, fire, falling objects or animals. States do not require that you purchase collision or comprehensive coverage, but if you have a car loan, your lender may insist that you carry it until your loan is paid off.

Selecting Comprehensive and Collision Deductibles

Collision coverage is generally sold with a deductible of \$250 to \$1,000; comprehensive insurance is usually sold with a \$250 deductible. Opting for a higher deductible is a way of lowering your auto premium. Remember, the higher the deductible, the more you'll pay out of pocket if you have a claim. When deciding on a deductible that's right for you, take into consideration your available cash, disposable income, the value of your vehicle and your tolerance for risk.

Liability Protection

Bodily Injury Liability (BI) - This covers injuries that you, the designated driver or policyholder cause to someone else. Claims for bodily injury include medical bills, loss of income, or pain and suffering. It does NOT cover the cost of damage to your vehicle, or to you or other people on your policy. It is mandatory in most states.

Property Damage Liability (PD) - Covers you or someone driving the car with your permission if the car damages someone else's property. Typically, the property is another vehicle but it could be a fence, telephone pole, a house, etc. It also provides you with legal defense if another party files a lawsuit against you.

Medical Payments (MP) or Personal Injury Protection (PIP) - This no-fault coverage provides medical expenses to you and your passengers injured in an accident. Medical payments may also cover policyholders and their family members when injured while riding in someone else's car or when they are hit by a car while on foot or bicycling. If you and your regular passengers already have health insurance that covers similar expenses, medical payments coverage may be unnecessary. Check your health insurance policy for details.

Uninsured and Underinsured Motorist Coverage (UM or UIM) - This coverage will reimburse you, a member of your family, or a designated driver if one of you is hit by an uninsured or hit-and-run driver. UM coverage comes into play when an at-fault driver has insufficient insurance to pay for your total loss. This coverage will also protect you if you are hit as a pedestrian.

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Ways to Save on Your Auto Premium

- Consider raising your deductible
- Keep up your good driving record
- Drive less to qualify for a low-mileage discount
- Drive a car with safety features such as anti-lock brakes, airbags, etc.
- Install an anti-theft device
- Ask about our multi-policy discounts

Auto Policy Basics

An automobile insurance policy is designed to provide you with a level of protection against property, liability and medical costs if you are involved in an accident.

- **Property coverage** pays for damage to or theft of your car.
- **Liability coverage** pays for your legal responsibility to others for bodily injury or property damage.
- **Medical coverage** pays for the cost of treating injuries, rehabilitation and sometimes lost wages and funeral expenses.

Selecting Liability Limits

Most states require car owners to purchase a minimum of bodily injury and property damage liability insurance. In the event of a serious accident, you want enough insurance to cover a judgment against you in a lawsuit, without jeopardizing your personal assets, such as your home and savings. By purchasing liability limits to account for both your current assets and future net worth, you can help protect yourself against this risk. We will help you select limits that meet your unique needs.



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Know your coverage, know your risk.