



AUTOMOBILE INSURANCE FACT SHEET



Car insurance laws vary from state to state, but all states have auto insurance coverage requirements that include some type of car insurance or proof of financial responsibility. Even though it may seem like a needless extra cost, car insurance protects you, your family and your vehicle if you are in an accident or if your vehicle is damaged.

Auto insurance is a contract between you and the insurance company. You agree to pay the premium and the insurance company agrees to pay your losses as defined in your policy. Auto insurance provides property, liability and medical coverage:

- 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.

If you are financing a car, your lender may also have requirements. Most auto policies are for six months to a year. Your insurance company should notify you by mail when it is time to renew the policy and to pay your premium.

Several factors, including your driving record and insurance history, affect the type of insurance policy available to you. If you have a clean driving record and have been insured in the past, you will most likely qualify for standard auto insurance coverage.

Below is a list of the types of insurance you may come across when applying for automobile insurance. Many state auto insurance laws require some level of these coverages.

Bodily injury liability covers you for injuries that you, the designated driver or policyholder, cause to someone else. You and family members listed on the policy may also be covered when driving someone else's car with their permission. It is very important to have enough liability insurance because if you are involved in a serious accident, you may be sued for a large sum of money.

Property damage liability pays for damage you (or someone driving the car with your permission) may cause to someone else's property. Usually, this means damage to someone else's car, but it also includes damage to lamp posts, telephone poles, fences, buildings or other structures your car hits.

Personal Injury Protection (PIP) pays for the treatment of injuries to the driver and passengers of the policyholder's car. At its broadest, PIP pays medical expenses and

lost wages for the insured driver, regardless of fault, for treatment due to an auto accident. It may also cover funeral costs.

Collision coverage pays for damage to your car resulting from a collision with another car or object. It may also cover damage caused by potholes. Collision coverage is generally sold with a deductible of \$250 to \$1,000; the higher your deductible, the lower your premium. Even if you are at fault for the accident, your collision coverage will reimburse you for the costs of repairing your car, minus the deductible. If you are not at fault, your insurance company may try to recover the amount they paid you from the other driver's insurance company. If they are successful, you'll also be reimbursed for the deductible.

Comprehensive coverage reimburses for a loss that is not a result of a collision such as loss from fire, falling objects, or accidents from an animal (deer). Comprehensive insurance is usually sold with a \$100 to \$300 deductible.

Uninsured and underinsured motorist coverage may reimburse you, a member of your family or a designated driver for damages incurred if one of you is hit by an uninsured or hit-and-run driver. Underinsured motorist coverage comes into play when an at-fault driver doesn't have enough insurance to pay for your total loss.

If you have any questions, then you should call the Fort Benning Legal Assistance Office at 706-545-3281/3282 to meet with an attorney.



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