

# Auto Insurance Coverages

## (A) Bodily Injury Liability

Bodily injury liability covers injuries to others when the policyholder is at fault in an accident. The coverage entitles the policyholder to legal defense by the insurance company and the payment of damages up to the limit of liability purchased. Damages could include medical expenses, loss-of-income, pain and suffering, and permanent injury.

Two numbers will be shown on your policy for bodily injury liability coverage (i.e. 250/500). The first is the amount the policy will pay toward claims by one person (\$250,000) and the second is the total amount the policy will pay per accident no matter how many people make claims (\$500,000).

## (B) Property Damage Liability

Property damage liability covers damage to the property of others if the policyholder is at fault in an accident. The amount of coverage will be shown as the third liability number on the policy (i.e. 250/500/100). The coverage entitles the policyholder to legal defense by the insurance company and the payment of damages up to the limit of liability purchased (i.e.\$100,000).

Most states require a minimum amount of liability insurance before you can register your vehicle. This is to protect other drivers from your negligence. If you are unable to buy liability coverage because of a poor driving record, you'll be placed in a state's assigned risk insurance pool and be assigned to an insurance company. You will then be able to buy the minimum amount of liability coverage required by law, but the premium will be very high.

Name:

Period:

**(C) Collision**

Collision covers damages to the policyholder's vehicle as a result of a collision with another vehicle or object or if the vehicle turns over. Payment is made regardless of who is at fault. The coverage includes a deductible which requires the policyholder to assume a portion of the cost of the damage. Common deductibles are \$100, \$250 and \$500.



The insurance company has the option of either paying the cost of the repairs less the deductible or the actual cash value of the vehicle. It may not be economical to buy collision coverage because of this option if the value of the vehicle is small. For a substantially higher premium, coverage is available which will replace the vehicle rather than paying the actual cash value.

**(D) Comprehensive Physical Damage**

Comprehensive physical damage covers damage to the policyholder's vehicle in situations other than collisions such as fire, theft and vandalism. The coverage may include a deductible which requires the policyholder to assume a portion of the cost of the damage. Common deductibles are \$100, \$250 and \$500.

The insurance company has the option of either paying the cost of repairs less the deductible or the actual cash value of the vehicle. It may not be economical to buy comprehensive coverage because of this option if the value of your vehicle is small. For a substantially higher premium, coverage is available which will replace the policyholder's vehicle rather than paying the actual cash value.

**(E) Medical Payments**

Medical Payments covers the reasonable medical expenses of the policyholder and the policyholder's family in the following situations:

1. If they are injured while riding in their vehicle.
2. If they are injured while riding in someone else's vehicle.
3. If they are struck by a vehicle while walking or riding a bicycle.

It will also cover guests riding in the policyholder's vehicle. The coverage pays regardless of who is at fault.

**(F) Personal Injury Protection (PIP)**

Personal Injury Protection is mandatory in states with No-Fault insurance. PIP is actually a broader form of medical payments. It covers medical expenses, funeral costs, loss of income and the costs of in-home assistance regardless of who is at fault. It covers the policyholder and the policyholder's family.

**(G) Uninsured and Underinsured Motorist (Bodily Injury)**

This covers the reasonable medical expenses of the policyholder and the policyholder's family if they're injured by a hit-and-run driver, an uninsured motorist or an underinsured motorist. It will cover them while riding in their vehicle or if they're struck by a vehicle while walking or riding a bicycle. It will also cover guests riding in the policyholder's vehicle.

Name:

Period: