

WHAT DOES YOUR AUTO INSURANCE POLICY COVER?

By Basil Housewright, Jr.

Purchasing automobile insurance can be a very confusing experience. The following describe the basic coverage's available from most insurance carriers. Note most of these coverage's are optional and must be specifically purchased on your auto insurance policy. When you say "full coverage," it may be interpreted in many ways and you may not have coverage for everything, which you think you do. To determine which specific coverage's you have on your personal auto policy review the Declarations of Coverage page, which should be attached to the auto insurance policy.

Bodily Injury and Property Damage Liability - This pays for bodily injuries to other people or damage to their property, if you are liable (in an accident and you are found to be at fault). It also pays whether you, a qualified family member, or other driver using your car with your permission drive your car. In most cases, you are covered in a car you borrow or rent temporarily. This coverage pays up to the limits you select.

Personal Injury Protection (PIP) – This coverage pays up to the policy limit for medical bills, lost income, household services replacement costs and funeral bills resulting from an automobile accident. This covers you, your family, anyone riding in your car, and anyone driving your car with your permission.

Medical Payments – This coverage pays doctor, hospital and surgical bills up to the per person limit you select, for you or anyone riding in your covered auto. If you do not face a threat of income loss, you may want Medical Payments Coverage instead of Personal Injury Protection.

Personal Injury Protection and Medical also usually covers you and qualified members of your family while in non-owned cars, and if hit by a motor vehicle while walking or riding a bicycle.

Uninsured and Underinsured Motorist - This coverage pays for bodily injuries or damage to your property (vehicle) up to the limit you select, to you, qualified family members and any other person occupying your covered auto, caused by an uninsured motorist or a hit-and-run driver, if that driver is liable (found to be at fault). There is a \$250 deductible on property damage coverage.

It also pays for bodily injuries to you, qualified family members and any other person occupying your covered auto, caused by a motorist whose insurance is not adequate to pay for the injuries if that driver is liable. This coverage pays up to the limit you select, less the amount paid by the other party.

Damage Other Than Collision (often referred to as comprehensive) - This coverage pays for damage to your car except when it is caused by collision. It includes damage from such causes as fire, vandalism, windstorm, sandstorm, falling objects, animals, water or flood and theft. This coverage also pays you up to \$20 a day, up to a \$600 limit for each loss, for transportation costs if your car is stolen, (for most companies this coverage begins 48 hours after the theft). If you have selected optional, higher limits of rental car coverage on your policy it will provide these higher limits for this coverage as well. It pays up to the actual cash value (current, local market value) of your vehicle, less the deductible you select.

Collision - This covers accidental damage to your car by collision with any object. It pays up to the actual cash value (current, local market value) of your vehicle, less the deductible you select.

Towing and Labor Costs - This pays for reasonable towing and labor charges if your car breaks down. The labor usually must be performed at the place where the car becomes disabled to be covered.

Rental Reimbursement - This basic coverage pays up to \$20 a day, up to a \$600 limit, for auto rental charges while your car is being repaired for damage caused by an insured loss, except theft (see Damage Other Than Collision above). Reimbursement does not include mileage charges. Some companies offer optional higher limits up to \$50 a day and a \$1,500 limit per claim.

Expenses - Pays expenses in a suit defended on your behalf, such as court costs, attorney fees, investigator fees, expense of witnesses and witness fees. Also pays expenses you incur at the auto insurance company's request, including up to \$50 a day for actual loss of wages. Expenses coverage pays the premium on appeal bonds, bonds to release attachment, and cost of bail bonds up to \$250.

Death Indemnity - Pays up to the limit you select for death caused by an automobile accident, regardless of who's at fault, for you and qualified family members.

Trailers - Covers you for liability claims while you are towing a trailer designed for use with private passenger car.

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