

Do You Need Uninsured Motorist Coverage?

By Basil Housewright, Jr.

A decision that all drivers must make when buying car insurance for the first time or when changing companies is, Do I need uninsured/under-insured motorist (UM/UIM) coverage? The choice should be based on a close examination of the type of coverage you may already have and the kind of coverage you may want. Texas law requires insurance companies to offer UM/UIM coverage and to get your rejection in writing if you decline the offer.

UM/UIM pays your losses from an accident caused by a hit-and-run driver or an uninsured motorist, up to your coverage limits. It also pays if an at-fault driver's insurance isn't enough to cover all your expenses. This is a high potential for two reasons especially in crowded metropolitan areas: Texas law requires minimum liability limits of \$30,000/\$60,000/\$25,000 and many accidents in heavy traffic involve multiple vehicles. If the at-fault driver has only minimum limits the \$25,000 limit is coverage for all vehicles, which it caused damage to and \$25,000 will not go very far with today's cost of vehicles and body repair. Also if the at-fault driver has only minimum limits the \$30,000 limit is coverage per person and the \$60,000 limit is coverage for all persons injured as a result of the accident in all other vehicles. In the event of serious injury the minimum limits may not even cover life flight type services much less the ensuing additional medical and rehabilitation costs.

UM/UIM covers you, your family members, passengers in your car and anybody driving your car with your permission. The coverage has two components:

- Property damage, which pays for auto repairs, a total loss, a rental car and damage to personal items carried in your car up to your coverage limit. There is an automatic \$250 deductible, the amount you pay from your own pocket
- Bodily injury, which pays without deductibles for medical bills, funeral expenses, lost wages, pain and suffering, disfigurement and permanent or partial disability up to your coverage limit.

For UM/UIM to pay, it must be established that the other driver was at fault. Your company assumes the role of the other driver's auto liability insurer and can refuse to pay if it establishes the other driver was not at fault. If the accident was hit-and-run, you can typically collect on your UM/UIM coverage only if you promptly report the accident to the police.

Because UM/UIM coverage may overlap other coverage's you already have, you will need to decide whether UM/UIM is worth the additional expense. If you and your family have health care coverage, it should pay medical and hospital bills after an accident with an uninsured driver. However, your health care coverage would not be available to a non-family member riding in or driving your car. Also most health care plans require deductibles and co-payments to be met by the injured person prior to benefits being provided, therefore a substantial out-of-pocket expense can be occurred.

Some drivers carry medical payments insurance and/or personal injury protection (PIP), which pay medical and funeral expenses arising from auto accidents. You can't collect from both your medical payments insurance or PIP and your UM/UIM coverage for the same medical expense. Medical payments and PIP coverage amounts usually are less than those of UM/UIM and may prove to be inadequate without UM/UIM coverage in the event of a serious accident.

Like UM/UIM property damage coverage, your collision insurance will pay for damage caused by an uninsured driver. There are, however, a few differences. UM/UIM coverage pays for damage to personal items carried in your car while collision insurance does not. Your collision deductible may be higher than the \$250 deductible built in to your UM/UIM coverage. Finally, UM/UIM insurance - like liability insurance - pays if you need a rental car while your car undergoes repairs. Collision insurance does not include coverage for a rental car, however some drivers carry rental car coverage, which can provide a rental car.

My suggestion is if you can afford the additional cost of UM/UIM coverage which is not very significant compared to the other coverage on your policy, purchase it. You never know who will be riding in your vehicle and what type, if any health care coverage they may have and because they are in your vehicle you may be held responsible even though another driver was the primary cause of the accident.

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