

# *Automobile* INSURANCE GUIDE

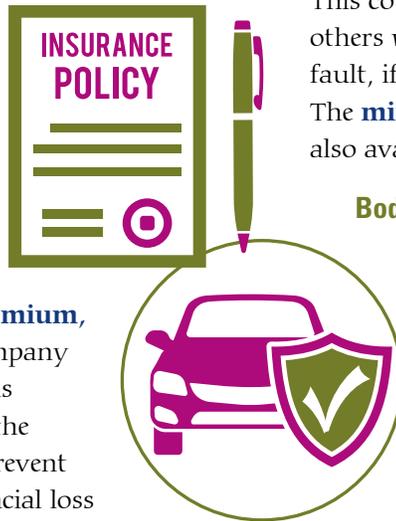
The Pennsylvania Insurance Department is here to help you understand automobile insurance. In the next few pages you will learn about auto insurance, types of coverage available, and some tips on how to shop and what to do if you are in an accident.

There is no such thing as a “full coverage” auto insurance policy. Insurance coverages and policies can vary. The information in this guide is intended to help you understand auto insurance. The information is general and not specific to your insurance policy. If you have specific questions about your coverage, you should consult your agent or insurance company.



## What Is Automobile Insurance?

Automobile insurance is a contract between you and your insurance company. It protects you against financial loss if you are in an auto accident. Auto policies contain a variety of required and optional coverages. You agree to pay a fee, called the **premium**, and in return, the insurance company agrees to pay for certain losses as defined in your **policy**. Having the right insurance coverage may prevent you from suffering a large financial loss in the event of an automobile accident.



### Medical Benefits

This coverage pays the medical bills for you and others who are covered by your **policy**, regardless of fault, if there are injuries resulting from an accident. The **minimum limit** is \$5,000. Higher **limits** are also available.

### Bodily Injury Liability

If you injure someone in an auto accident, this coverage pays damages for which | you are liable, such as medical and rehabilitation expenses. The **minimum limit** is \$15,000/\$30,000. The \$15,000 pays for injuries to one person, while the \$30,000 represents the total available for one accident. Higher **limits** are also available.

### Property Damage Liability

If you damage someone's property (such as his or her car) in an accident and you are at fault, this coverage pays for repairs to that property. The **minimum limit** is \$5,000. Higher **limits** are also available.

Some companies offer a combined **single limit** of \$35,000 which meets the **bodily injury liability** and **property damage liability** minimum requirements.

## Is Auto Insurance Mandatory in the Commonwealth?

Drivers must purchase and maintain auto insurance to legally drive in Pennsylvania. This is called maintaining "financial responsibility" on your vehicles. A lapse in insurance coverage may result in the suspension of your vehicle registration. Operating a vehicle without the required insurance may result in a fine, the suspension of your driver's license, and the forfeiture of your license plate and registration sticker. Restoration fees and proof of insurance must be provided prior to having either registration or driving privileges returned. **Insurers** are required to report **policy** terminations to PennDOT. Drivers are responsible for providing proof of continuous coverage.

### Required coverages in Pennsylvania:

- ★ Medical Benefits
- ★ Bodily Injury Liability
- ★ Property Damage Liability

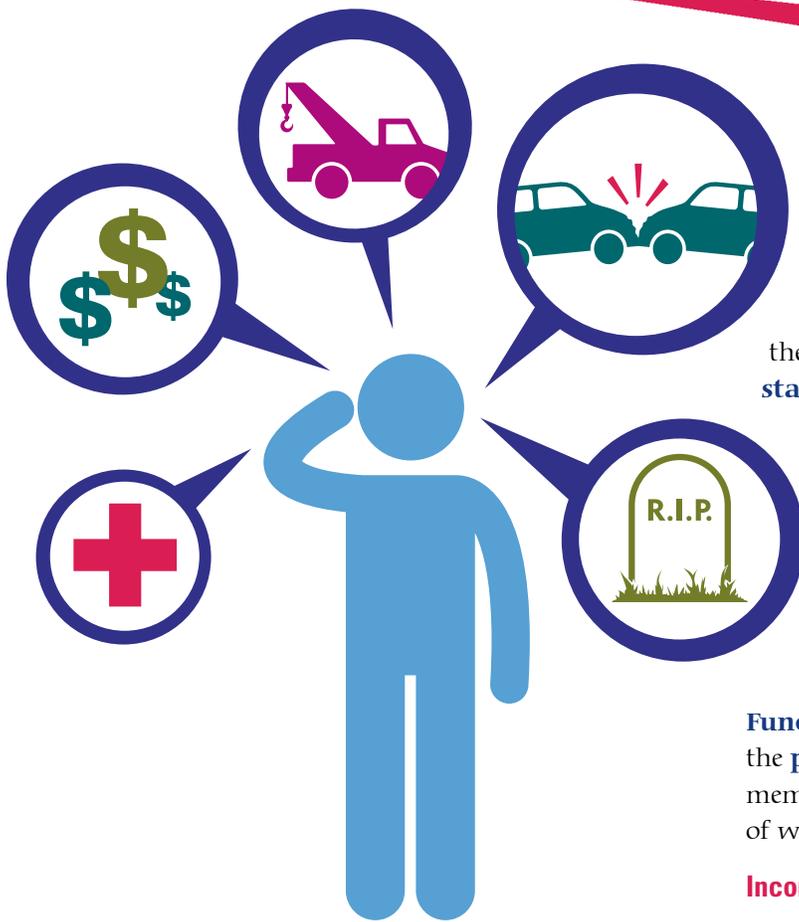
## What Are the Required Coverages in Pennsylvania?

When you purchase auto insurance, there are certain coverages that are required and others that are optional. The required coverages are:

## What Do Policy Limits Mean?

The coverage **limits** are the most your insurance company will pay for injuries to any one person, all persons injured in an accident, and for **property damage**. If you do not have enough liability

Please refer to the Glossary found on page 11 for definitions of the terms in bold face.



coverage, and you are found at fault for an accident, you may be responsible to pay for anything your insurance does not cover.

## What Are the Optional Coverages in Pennsylvania?

Auto insurance policies also offer a variety of additional optional coverages that can be purchased. These include:

### Uninsured Motorist (UM)

This coverage applies to you, relatives residing in your household, and your passengers if injured by an at-fault **uninsured motorist** or hit and run driver. This does not cover damage to property.

### Underinsured Motorist (UIM)

This coverage applies to you, relatives residing in your household, and your passengers if injured by an at-fault motorist who does not have enough insurance to pay your **claim**. This does not cover damage to property.

### Stacking of UM or UIM

When you **stack** your **UM and/or UIM coverages**, your limit of coverage for each covered vehicle on your **policy** is multiplied by the number of vehicles on the **policy**. You can also **stack** your **UM and/or UIM coverages** to receive **uninsured or underinsured motorist** coverage from more than one **policy** under which you are insured. By law, stacked coverage applies unless you reject it. You will pay less in **premiums** if you reject stacked coverage.

### Funeral Benefit

**Funeral Benefits** pay, up to the limit specified in the **policy**, for funeral expenses if you or a family member dies as a result of an auto accident, regardless of who was at fault in the accident.

### Income Loss

This pays a portion of your lost wages when injuries sustained in an auto accident keep you from working.

### Collision

**Collision coverage** pays to repair damage to your car as a result of an accident. Most banks or lenders require you to buy this coverage to receive a car loan. Under Pennsylvania law, the insurance company applies a \$500 **deductible** unless you request a lower amount. Generally speaking, the higher your **deductible**, the lower your **premium**.

### Comprehensive

**Comprehensive coverage** pays for theft or damage to your car from hazards such as fire, flood, vandalism, and striking an animal. Most banks or lenders require you to buy this coverage to receive a car loan. There are various levels of **deductible** that may be purchased.

### Extraordinary Medical Benefits

This pays for medical and rehabilitation expenses that exceed \$100,000, up to a maximum limit of \$1.1 million.

## Accidental Death Benefit

Accidental Death Benefit pays a specified dollar benefit to the personal representative of a person who dies as a result of injuries sustained in an auto accident.

## Rental Reimbursement Coverage

**Rental Reimbursement Coverage** pays—up to the limit on your **policy**, your expenses to rent a vehicle if the vehicle on your **policy** sustains a covered **comprehensive** or **collision** loss.

## Towing Coverage

This reimburses you, up to the limit of your **policy**, for towing and labor costs for your covered vehicle. This coverage is usually only available if **comprehensive** and **collision** is carried on your vehicle.

## GAP Coverage

Guaranteed Asset Protection (GAP) will pay the difference between an insurance company's payment for a totaled vehicle and the balance of a vehicle loan. This coverage is traditionally purchased when an individual is buying a new vehicle. These policies do not pay for **deductibles**, missed payments, or late fees and many times have a limit to the amount they will pay. Check your **policy** carefully when choosing to add GAP coverage.

## How Are Rates Determined?

When you are ready to purchase insurance, the insurance company or **producer (agent)** will ask you a series of questions and, based on your answers, will decide whether or not they will accept you as a policyholder. This practice is known as **underwriting**. By law, insurance companies may not unfairly discriminate by using **underwriting** standards based on things such as race, religion, nationality, ethnic group, age, gender, family size, occupation, place of residence, and marital status.

Certain items will be taken into consideration when figuring your **premium**, such as the type and age

of the vehicle, its safety features, where the vehicle is garaged, the average number of miles driven in a year, the coverages and **limits** chosen for the **policy**, and the driving history of the drivers, to name a few. Some companies may use your credit history when determining your **premium**. Companies cannot use it to increase your rate when you renew. By law, insurance companies are prohibited from charging different rates based on an applicant's race, religion, national origin, and gender.

By law, insurance companies are **prohibited** from charging different rates based on an applicant's race, religion, national origin, and gender.

## What Should I Know Before I Start to Shop?

You need to know what coverages you want, as well as the **limits** and **deductibles** you desire. Also, you should have the following basic information available on all drivers in your household:

- ★ All drivers' names, ages, and marital statuses;
- ★ Driving record (accidents and moving violations);
- ★ Estimated annual mileage driven;
- ★ Full vehicle identification number;
- ★ Year of vehicle;
- ★ Cost of vehicle; and
- ★ Special equipment, such as anti-theft devices, airbags, etc.

## What Questions Should I Ask?

The **insurer** will ask you questions and use the answers to decide whether to insure you and how much your **premium** should be. You should also ask questions to be sure you are getting the coverage you want and from an agent and **insurer** you trust.

Here are some questions you should ask your agent or company representative when you shop for auto insurance:

- ★ What coverages am I required to have in this state?
- ★ What is the minimum amount of liability insurance coverage this state requires me to carry?
- ★ Are these liability **limits** high enough to cover me if I have an accident and I am at fault?
- ★ How much would it cost me to buy more than the minimum amount of liability insurance coverage?
- ★ Do I need **collision** and **comprehensive** (sometimes called “other than **collision**”) coverage?
- ★ What **deductible** should I have for **collision** coverage? For **comprehensive** (sometimes called “other than **collision**”) coverage?
- ★ Will this **policy** cover me if I let someone else drive my car?
- ★ Will this **policy** cover me if I have an accident in a rental car while on vacation?
- ★ Will this **policy** cover me if I have an accident while traveling for work?
- ★ If my car is totalled, how is the value of my vehicle set?



- ★ Can I choose any body shop or glass shop to repair my car? Does the **policy** pay for original manufacturer’s parts or **aftermarket parts**?
- ★ If my car is disabled, will this **policy** pay for a rental car while it is being repaired? Is there any cap or limit?
- ★ If my car is disabled, will this **policy** pay to have it towed to a garage or body shop?
- ★ How much can I save with a higher **deductible**?
- ★ What discounts are available?
- ★ What other types of property do you insure? Can I qualify for a discount if I buy both policies from your company?
- ★ What are my payment options? Can I pay monthly or quarterly? If I do, is there an extra charge?
- ★ How do I report a **claim**?
- ★ What coverage is available if I drive for a TNC like Uber or Lyft?

## Teen Drivers

Insuring a teen driver is often a significant additional cost for parents. Some companies require that a teenager be added to the **policy** upon obtaining his/her learner’s permit. Check with your insurance company to determine their requirements. Many companies consider younger drivers to be a higher risk, and this often translates into higher **premiums**.

Your child may be eligible for discounts. Ask your insurance company if discounts are offered for good grades or completed driver education courses.

## Mature Drivers

Taking a driver safety training course is an excellent way to keep your driving skills sharp, and it can also earn you a reduced rate on your car insurance if your carrier offers such a discount. Pennsylvania law requires insurance companies to provide at least a five percent **premium** discount for each vehicle on an auto **policy** under which all named **insureds** are 55 years of age or older and have successfully completed a driver improvement course that meets the standards of PennDOT.

Individuals must take an approved course every three years to continue to be eligible for the discount. They may be disqualified if, within three years of completing the course, they are involved in a chargeable accident, convicted of a moving violation, or are convicted—or have Accelerated Rehabilitative Disposition (ARD)—for driving under the influence of alcohol or a controlled substance.

Insurance companies recognize that mature drivers face unique challenges as they get older, and they will reward those mature drivers who take the initiative to minimize risk by enrolling in approved driver training courses.

## Know How to Save

### Discounts

Most insurance companies offer discounts for safer drivers, safer cars, drivers with multiple types of policies, good students, and more. There are also a variety of discounts that are required by law, like the mature drivers discount mentioned above. Ask your insurance company today and you could start to save.

### Limited or Full Tort

If you are in an automobile accident, you are able to recover out-of-pocket medical and certain other expenses. **Limited tort** offers you significant savings on your **premium** but you are not able to recover certain damages—such as payments for

pain and suffering—unless the injuries meet one of the exceptions in the law. With **full tort**, you have unrestricted rights. If you fail to specially elect **limited tort**, you will be deemed to have elected **full tort**.

### Deductibles

By choosing higher **deductibles** on **comprehensive** and **collision** coverage, you may be able to lower your **policy** cost. Just remember that the **deductible** you choose is what you are responsible for paying out of your pocket in the event you file a **claim**.

## Where to Buy Insurance

Now that you know all about what to look for when choosing your auto insurance, let's talk about where to buy a **policy**.

### Agents

Agents are individuals available locally to address your car insurance needs. Local agents can be independent or captive. If your agent is independent and not exclusive to one insurance company, he or she can compare policies and sell you the one that best meets your needs from among the multiple insurance companies he or she represents. If your local agent is a captive agent, he or she exclusively represents one insurance company.



### Direct

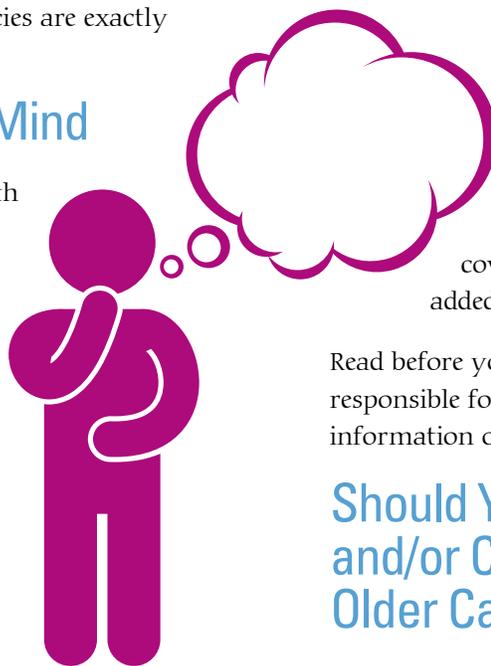
Some insurance companies sell their **policies** directly over the phone or Internet without using agents. In some cases, you can choose to interact with a direct company exclusively over the Internet.



A good rule of thumb is to get **quotes** from at least three different insurance companies. Make sure your **quotes** are for the exact same coverages and **limits**. Cost can vary significantly among companies. Ask for copies of the insurance policies. It is important to read the **policies** to understand the differences in coverage from **policy** to **policy** and especially what is excluded. No two policies are exactly the same.

## Things to Keep in Mind

Make sure you know the length of the **policy** term. The most common **policy** terms are six months (semi-annual) and one year (annual). While policies sold for a term of less than one year may require less money up front, they will be re-priced at the end of the **policy** term. Keep in mind that an insurance company can only non-renew you on the annual anniversary of when your **policy** was initially written, even if the **policy** term is less than 12 months.



agreements are separate contracts that often include a limited power of attorney that gives the finance company some authority over the termination of your **policy**. Moreover, if the **policy** is cancelled, the insurance company must remit all return **premiums** to the finance company, which will apply them to your account.

Personal effects and equipment such as cellular telephones, compact discs, CD players, and custom stereo speakers and systems that are not permanently installed in the vehicle by the manufacturer generally are not covered, unless specifically declared and added to the **policy**.

Read before you sign. Remember, you are ultimately responsible for the accuracy and completeness of the information on your application.

## Should You Drop Comprehensive and/or Collision Coverage on an Older Car?

It may not be cost-effective to have **comprehensive** or **collision** coverage on cars worth less than \$1,000.

## What Happens if I Can't Get Auto Insurance Because of My Driving History?

Pennsylvania's **Assigned Risk Plan** is a program that offers car insurance to those who are unable to get coverage on their own. All insurance companies writing automobile insurance in the commonwealth are required to participate in the plan. Applicants are assigned to insurance companies in proportion to the amount of business each company writes in the commonwealth. To learn more about the **Assigned Risk Plan** you can visit [www.aipso.com](http://www.aipso.com) or contact the plan's customer service office at (401) 946-2800 or toll-free at (800) 477-6146.

**Remember, you are ultimately responsible for the accuracy and completeness of the information on your application.**

Many companies have payment plans that allow you to pay the **premium** over a period of time, sometimes for an extra fee. If you decide to buy a **policy** on a payment plan, find out the applicable installment fees.

If you use a **premium finance company** to pay for your insurance, the monthly payments may be easier, but the total of payments could be larger. Finance

## After You Purchase Insurance

After you purchase automobile insurance you will receive your **policy**. Your **policy** is a contract between you and your insurance company. You should take time to read your **policy**. Every **policy** includes a **declarations page** (below). It lists the insurance company, your name, the policy number, vehicles, coverages, **deductibles**, **limits**, cost of **premium**, and effective and expiration dates. If you have

questions, contact your insurance agent or company. They are responsible for serving your **policy**, including responding to any questions you may have regarding the terms in your **policy**. If you purchased a **policy** directly from the insurance company, a company representative should be able to respond to your questions. If you still have questions, you may choose to email, write, or call the Pennsylvania Insurance Department's Bureau of Consumer Services. We will be happy to answer your questions.

**1 Policy period:** When coverage begins and ends

**2 Limits:** The most your policy will pay

**3 Deductible:** What you pay

<b>Your Insurance Company</b> 3535 Second St. Company Town, USA 54321	Policy number XX-XXXXXX-XX	<b>1</b>
	Policy period: 6 months	Effective date: May 1, 2013
		Expiration date: Nov. 1, 2013

**Auto Insurance Policy <SAMPLE>**

Year	Make	Model	Vehicle ID number (VIN)
2011	Chevrolet	Camaro	2FZMPONW34XB56094

**Lienholder**  
The Bank      310 Main St., Company Town, USA, 54321

<p><b>* Coverages</b></p> <p>Liability: Bodily injury</p> <p>Liability: Property damage</p> <p>Uninsured motorist</p>	<p><b>Policy limits</b></p> <p>\$100,000 per person \$300,000 per accident</p> <p>\$100,000 per accident</p> <p>\$100,000 per person \$300,000 per accident</p>	<p><b>Deductibles</b></p> <p>Collision      \$500</p> <p>Comprehensive      \$100</p>
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<p><b>* Optional coverage</b></p> <p>Underinsured motorist</p> <p>Medical payments</p> <p>Roadside assistance</p> <p>Rental car reimbursement</p>	<p><b>Limits</b></p> <p>\$100,000 per person \$300,000 per accident</p> <p>\$1,000</p> <p>\$100 per occurrence</p> <p>\$30 per day \$1,000 maximum</p>	<p><b>Discounts applied</b></p> <p>Multiple vehicle</p> <p>Home/Auto/Life</p> <p>Mature driver</p> <p>Claim record/Customer longevity</p> <p>Air bags/Anti-Lock brakes</p> <p>Premium paid in full</p>
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**Policy premium**

**\$640**

Your policy consists of this page, any endorsements and the policy form. Keep together.

**4 Optional coverage:**  
Can be added for more protection

**5 Total premium:**  
Your cost for policy period

**6 Discounts:** Number of discounts applied to policy

\*Please refer to pages 2 and 3 for the Required Coverages and Optional Coverages in Pennsylvania.

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Be sure to pay your **premium**. Pennsylvania law does not require companies to extend a grace period for **premium** payments. If your insurance company does not receive your **premium** by the due date, the company can cancel your **policy**.

Keep your proof-of-insurance card in your car at all times.

## What if I Drive for a Transportation Network Company Like Uber or Lyft?

If you drive for a Transportation Network Company (TNC) like Uber or Lyft, you want to understand what coverages, if any, the TNC has in place that will cover you. While the TNC should have coverage in place, you may also want to have your own coverage. Most personal auto policies do not provide coverage while you are carrying a passenger for hire. However, there are **insurers** who do offer to endorse coverage onto your **policy**—usually for an additional **premium**. It is important not to drive for a TNC until you are sure that the coverage you need is in place to protect you.

## What Should I Do if I Receive a Cancellation or Non-Renewal Notice from My Insurance Company?

First, contact your insurance **producer (agent)** or company for specific details. Pennsylvania law allows companies to cancel or non-renew policies for certain reasons. If you still are not satisfied with your company's explanation, submit a statement

detailing the reasons you disagree with the action to the Pennsylvania Insurance Department. **To preserve your appeal rights, the statement must be received by the Insurance Department within 30 days of the company's mailing of the notice.**

## What if I Don't Understand All the Terms in My Policy? What Should I Do?

Discuss with your insurance **producer (agent)** or company the terms in your **policy**. If you purchased your **policy** directly from the insurance company, a company representative should be able to respond to your questions. If you still have questions, you may choose to write or call the Pennsylvania Insurance Department's Bureau of Consumer Services.

### The Pennsylvania Insurance Department

Whether you have a general question, or want to file a complaint, you can get help at Consumer Services online at [www.insurance.pa.gov](http://www.insurance.pa.gov) or contact us toll-free at 1-877-881-6388.

## What Do I Do if I Am in an Accident?

If you are in an accident you should exchange information with the other driver. If there are injuries, call 911. Be sure to obtain the name, insurance company name, and phone number of each of the

other drivers. If you cannot obtain this information, write down the license plate number of each of the other drivers. Other important information is as follows:

- ★ The year, make, and model of each of the other cars;

If you are in an accident you should exchange information with the other driver. If there are injuries, call 911.

- ★ If there are witnesses, their names and contact information; and
- ★ If an officer comes to the scene, his or her name, badge number, police report number, and contact information.

After the accident, write down the date, time, and location. If possible, take photos. Write down what happened. This will assist you when reporting the **claim** to your insurance company.

**Ultimately, the insurance company is responsible for returning your vehicle back to its pre-damaged condition.**

## Filing a Claim

To file a **claim**, call the phone number on your proof-of-insurance card as soon as possible. The insurance company will assign a claims **adjuster** to investigate the **claim**. You should cooperate with the **adjuster's** investigation of your **claim**. Take notes and keep track of the dates of conversations you have with your **adjuster**.

If you, the **insurer**, and the claims **adjuster** disagree, first try to resolve the differences with your **insurer**. Your agent may be helpful. Don't feel rushed or pushed to agree to something you aren't comfortable with.

Insurance companies, by law, must investigate your **claim** fairly and promptly.

- ★ An insurance company has 10 working days to acknowledge its receipt of notice of your **claim** unless payment is made within these 10 days.
- ★ If you submitted a **claim** to your own insurance company, it has 15 working days after receipt of properly executed proofs of loss to inform

you that it has accepted or denied your **claim** or provide you with a written explanation of why more time is needed.

- ★ An insurance company must complete its investigation within 30 days of its receipt of notice of your **claim**, unless the investigation cannot reasonably be completed within 30 days. If the investigation cannot be completed within 30 days, for every 45 days thereafter, the insurance company must provide you with an explanation for the delay and state when a decision on the **claim** may be expected.

## Vehicle Repairs

The choice of where your vehicle is repaired is up to you. Be sure to do your research when choosing an auto body repair shop. Some questions to ask:

- ★ How long has the shop been in business?
- ★ What is the shop's reputation in the community?
- ★ Does the shop offer a lifetime warranty?
- ★ Has the shop worked with your insurance company in the past?



Whether an insurance company recommended the shop or not, the most important thing is a quality repair.

If you choose an auto body repair shop that charges more than the appraised amount to repair the vehicle, you may be responsible for costs in excess of the appraised amount.

Pennsylvania law permits the use of non-OEM/**aftermarket parts** but “the operational safety of the vehicle shall be paramount in considering the specification of new parts.” This consideration is vitally important for parts involving the drive train, steering gear, suspension units, brake system, or tires.

**Aftermarket parts** are usually made by a company different than the original part manufacturer. Be sure to consult with your auto body repair shop or insurance company if you have any safety concerns or part fit concerns when **aftermarket parts** are used to repair your vehicle. If **aftermarket crash parts** are included in a vehicle appraisal, it must include a statement that the appraisal has been prepared based on the use of **aftermarket crash parts**, that the use of these parts voids the existing warranty on the part being replaced, and the **aftermarket crash part** shall have a warranty equal to or better than the remainder of the existing warranty.

Used parts are original equipment (OE) from your vehicle’s manufacturer. Be sure to consult with your auto body repair shop or insurance company if you have any safety concerns about parts being used to repair your vehicle.

Ultimately, the insurance company is responsible for returning your vehicle back to its pre-damaged condition. If the company uses new parts to replace parts damaged on an older model vehicle, you may be responsible for additional costs as the vehicle is in better condition than before the accident.

## What Happens if My Vehicle Is a Total Loss?

A vehicle is a **total loss** when the cost to return it back to the pre-damaged condition is more than the value of the vehicle or the vehicle is damaged too severely for repairs. There are different methods that can be used to calculate the replacement value of your vehicle. If you have questions regarding the method used, contact your insurance agent or company.

Many people make monthly payments on their

vehicle. Depending on the agreement between the **lienholder** and the owner, the insurance payment can be made directly to the **lienholder**, the owner, or both. If the actual cash value is less than you owe on the vehicle, you may be responsible to pay the difference to the **lienholder**. If you believe your loan is more than the cash value, there are products that are available at that time that may eliminate or offset these costs.

One such product provided by insurance carriers is Guaranteed Asset Protection (GAP) Coverage, which will generally pay the difference between an insurance company’s payment for a totaled vehicle and the balance of a vehicle loan. This coverage is traditionally purchased when an individual is buying a vehicle. GAP coverage does not pay for **deductibles**, missed payments, or late fees and many times there is a limit to the amount it will pay. Check your **policy** carefully when choosing to add GAP coverage. If you have questions about GAP coverage, ask your insurance agent or company.

Another product that may be purchased in relation to a vehicle loan is a Debt Cancellation Agreement (DCA). When this product is sold by the bank issuing the vehicle loan, it is not considered insurance, but it functions similar to GAP Coverage. A DCA is an agreement between the loan issuer and the debtor to cancel any remaining debt if the debtor experiences a **total loss** and the amount of debt on the vehicle exceeds its actual cash value. Also similar to GAP Coverage, this product is traditionally purchased at the time that the vehicle is bought.

## The Pennsylvania Insurance Department

Whether you have a general question, or want to file a complaint, you can get help at Consumer Services online at [www.insurance.pa.gov](http://www.insurance.pa.gov) or contact us toll-free at 1-877-881-6388.



**Endorsement**

A written agreement that changes the terms of an insurance policy by adding or subtracting coverage.

**Exclusion**

A provision in the policy that explains what is not covered.

**Extraordinary Medical Benefits**

Pays for medical and rehabilitation expenses that exceed \$100,000, up to a maximum limit of \$1.1 million.

**First Party**

The named policyholder (insured) in an insurance contract and any relatives residing in the named policyholder's household.

**Full Tort**

You retain unrestricted rights to bring suit against the negligent party.

**Funeral Benefits**

Pays, up to the limit specified in the policy, for funeral expenses if you or a family member dies as a result of an auto accident, regardless of who was at fault in the accident.

**Income Loss**

Pays a portion of your wages when injuries sustained in an auto accident keep you from working.

**Insured**

The person(s) entitled to covered benefits in case of an accident or loss.

**Insurer**

The insurance company who issues the insurance and agrees to pay for losses and provide covered benefits.

**Lienholder**

A person or business, usually a bank or financial firm, that retains the title of a vehicle while the purchaser pays off the loan.

**Limited Tort**

Limited Tort offers you significant savings on your premiums. You are still able to recover out-of-pocket medical and certain other expenses; however, you are not able to recover certain damages—such as payments for pain and suffering—unless the injuries meet one of the exceptions in the law.

**Limits**

The maximum amount of benefits the insurance company agrees to pay under an insurance policy in the event of a loss.

**Minimum Limit**

The state-mandated minimum mandatory amount of benefits.

**Medical Benefits**

Pays medical bills for you and others who are covered by your policy, regardless of fault.

**Non-Renewal**

The termination of an insurance policy at its annual anniversary date.

**Policy**

A contract that states the rights and duties of the insurance company and the insured.

**Premium**

The price paid to the insurance company for a policy.

**Premium Finance Company**

A lending institution that finances automobile insurance premiums for a fee.

**Producer (agent)**

An individual or organization authorized to sell, solicit, negotiate, and service insurance policies for an insurance company.

**Property Damage Liability**

Covers damage to someone's property (such as his or her car) resulting from an accident in which you are at fault.

### Quotation or Quote

An estimate of the cost of insurance based on the information supplied to the insurance producer (agent) or company. This amount may change depending upon findings during the underwriting process.

### Rental Reimbursement Coverage

Pays—up to a defined amount—your expenses to rent a vehicle if you have a loss covered under comprehensive or collision benefits. Coverage is sold based on a daily amount of expense, subject to a maximum limit.

### Single Limit Liability

Some companies offer single limit liability coverage, which pays—up to the specified limit—damages for which you are liable under **bodily injury** and property damage coverages.

### Stacking of UM or UIM

When you stack your UM and/or UIM coverages, your limit of coverage for each covered vehicle on your policy is multiplied by the number of vehicles on the policy. You can also stack your UM and/or UIM coverages to receive uninsured or underinsured motorist coverage from more than one policy under which you are insured. Stacked coverage applies unless you reject it.

### Subrogation

The process of recovering the amount of claims damages paid out to a policyholder from the legally liable party. When a company pursues the legally liable third party, they are required to include the policyholder's deductible in the recovery process if requested by the policyholder. The company must then share any subrogation recoveries with the policyholder on a proportionate basis.

### Surcharge

An extra charge applied to the premium by an insurance company, usually applied as a result of at-fault accidents or moving violations.

### Third Party

An individual other than the policyholder or the insurance company who has suffered a loss and may be able to collect compensation under the policy, due to the negligent acts or omissions of the policyholder.

### Total Loss

Damage or destruction to real or personal property to such extent that it cannot be rebuilt or repaired to its condition prior to the loss or when it would be cost-prohibitive to repair or rebuild in comparison to the value of the property prior to the loss.

### Towing Coverage

An optional coverage of an automobile policy that pays a specified amount for towing and related labor costs.

### Underinsured Motorist (UIM)

This coverage applies to you, relatives residing in your household, and your passengers if injured by an at-fault motorist who does not have enough insurance to pay your claim. This does not cover damage to property.

### Underwriting

The initial 60-day time frame wherein the company processes and investigates the information provided on the application. The results of this process determine acceptability and the premium.

### Uninsured Motorist (UM)

This coverage applies to you, relatives residing in your household, and your passengers if injured by an at-fault uninsured motorist or hit and run driver. This does not cover damage to property.



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