

Questions and answers about

Automobile Insurance in Pennsylvania

a supplement to the
Automobile Insurance Guide



My automobile policy was canceled because I did not pay my premium on time. Is this legal?

Yes. If your insurance company does not receive your premium payment by the due date, the company is permitted to cancel your policy for non payment. Pennsylvania law does not require companies to extend a grace period for premium payments.

Can my insurance company cancel my auto insurance policy if I am found guilty of drunk driving?

Yes. In Pennsylvania, if you are convicted of driving under the influence, whether or not you take the Accelerated Rehabilitation Disposition Program (ARD), your driver's license will be suspended. A license suspension is a valid reason for cancellation or non-renewal of your insurance policy.

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. In order 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 is a surcharge?

A surcharge is an additional premium charge, for a limited number of years, that is applied to your insurance policy if you are involved in certain moving violations, suspensions or accidents. Surcharge information is specified in your policy package of endorsements.

What protection do I have against unreasonable surcharges or policy terminations?

Motorists in Pennsylvania may not be surcharged or have their policy non-renewed if the claim(s) resulting from the accident(s) in the preceding three years do not add up to more than the current threshold amount after payment of any deductible, or if the insurance company is reimbursed for at least 60 percent of the total amount of the paid claim.

Can I exclude my spouse or teenager from my insurance policy to lower my premium or avoid being canceled?

Yes. The FIRST NAMED insured may exclude any family member from the policy, provided that the person being excluded can prove he or she has auto insurance with another company or the Assigned Risk Plan.

How much is my insurance company required to pay me if my car is damaged?

Your insurance company is required to pay the amount necessary to return the motor vehicle to its same condition just prior to the damage in question. At your request, you may obtain information from the insurance company regarding repair facilities within a reasonable distance of where the motor vehicle is located - and where work will be performed - in accordance with the written appraisal. You are not required to use any specific repair shop.

Is it legal for my insurance company to non-renew my auto insurance because I have too many claims?

An insurance company may non-renew a policy for two or more accidents of certain types within 36 months, when the amount paid in claims for both accidents exceeds the current threshold amount after the insured pays any applicable deductible.

I don't understand all the terms in my policy. What should I do?

Contact your insurance producer (agent) or company. They are responsible for servicing your policy, including responding to any questions you may have regarding 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 one of the three offices of the Pennsylvania Insurance Department's Bureau of Consumer Services. We will be pleased to answer your questions.

Frequently
Asked
Questions

What could cause my premiums to increase?

Various factors can change the cost of your auto premium, including adding or increasing coverages, adding another vehicle to the policy, replacing an older vehicle with a newer one, adding a new driver, changing the usage of the vehicle (driving to work, using for business purposes), claims, moving violations, increasing the number of miles per year and moving to another area. In addition, your company may have been granted a rate increase since your renewal. Some rate increases are not due to a specific incident or condition of your policy but rather, are applied to all policyholders with the company. Specific questions on rate increases should be directed to your insurance producer (agent) or company.

How can I lower my auto insurance premium?

You may save money on your auto insurance premium by choosing the limited tort option (which is explained in this guide); increasing your collision and comprehensive deductible, or dropping collision and comprehensive coverage on an older car not being financed; lowering or eliminating your uninsured (UM) and underinsured motorist (UIM) coverage; rejecting the stacking option of UM or UIM coverage; eliminating income loss or funeral benefits; lowering the medical benefits to the minimum limit requirement and inquiring about special discounts offered by your individual company. Prior to making your decision, make sure you understand the consequences of not purchasing the optional coverages, increasing your deductible or eliminating coverages.

What are the risks of changing insurance companies?

You should be aware that an insurance company has 60 days to underwrite and investigate your application. The company has the right to refuse or cancel your coverage for various reasons within the first 60 days. However, the company may not refuse someone because of age, marital status, occupation or any other unfairly discriminatory reason.

Why do companies charge different rates for different geographical areas?

One factor used in determining insurance rates is the geographical area in which an individual resides. Based on the company's losses for that defined area, a company will determine premiums based on accident rates and repair costs for that area.

What is the Pennsylvania Assigned Risk Plan?

Pennsylvania's Assigned Risk Plan is a program that offers automobile insurance to those who are unable to obtain coverage. 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. You may contact the plan's customer service office at (401) 946-2800, or toll-free at (800) 477-6146.

What is the difference between limited and full tort coverage?

Full and Limited Tort are options that you can choose under your auto insurance policy as a result of the Pennsylvania motor vehicle financial responsibility law. Limited Tort allows you to save on your premiums by waiving your right to recover certain damages, such as payments for pain and suffering, unless the injuries you sustain in an automobile accident meet one of the exceptions as defined in Act 6 of Title 75, Section 1705 (d). Full Tort allows you to retain unrestricted rights to bring suit against the negligent party following an automobile accident.

What is the minimum required insurance coverage needed to own and operate a vehicle in Pennsylvania?

The minimum required coverages in Pennsylvania are:

- Medical Benefits — This pays medical bills for you and others covered on your policy regardless of fault. The minimum limit is \$5,000 of coverage. Higher limits are available.
- Bodily Injury Liability — If you injure someone in a car accident, this coverage pays their medical and rehabilitation expenses and any damages for which you are found liable. 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.
- Property Damage Liability — If you damage someone's property in an accident and you are at fault, this coverage pays for it. The minimum limit is \$5,000 of coverage. Some companies offer a single limit of \$35,000, which meets the bodily injury liability and property damage liability minimum requirements.

Can PennDOT suspend my vehicle registration if I don't have automobile insurance?

The Department of Transportation can suspend your vehicle's registration if you do not maintain the required insurance. Additionally, your driver's license may be suspended if you operate the vehicle without the required insurance.

Questions and answers about
Automobile Insurance in Pennsylvania

A supplement to the Pennsylvania Insurance Department's *Automobile Insurance Guide*

For more information and additional resources, log onto www.insurance.pa.gov or
call us toll-free on our automated hotline at 1-877-881-6388,
or our regional office:

Harrisburg Regional Office
Room 1321 Strawberry Square
Third and Walnut Streets
Harrisburg, PA 17120
(717) 787-2317
fax (717) 787-8585
TTY/TDD: (717) 783-3898