

What Automobile Insurance Coverage To Get?

In California, all drivers are required to have auto insurance. Deciding what coverage to get can be confusing.

Required Coverage

- **Liability**
Liability insurance covers you for injury to others by you. This is required automobile coverage. There is no option with this one.

Optional Coverage

Others types of coverage I recommend but are not required:

- **Collision**
Coverage is for the repair costs of your vehicle damage. This is regardless of fault. When selecting a garage to repair the damage to your vehicle, you are allowed, by law, to select the body shop of your choice. Some automobile insurance companies try to entice you with financial incentives to use a body shop of their choice. You do not need three estimates. You do not need to see their service center. It is your car and you can have it repaired where you want. Let your mechanic coordinate with your insurance company adjuster. This is why you have paid for the insurance – convenience.
- **Medical Payment**
Also called Med Pay, is no-fault coverage for injuries sustained by every passenger in your vehicle. Some short-sighted insurance brokers will convince the owner to not add this coverage if the owner has health insurance. The reasoning is if you are in an auto accident, use the health insurance. But remember, the passengers you take in your car may not have health insurance. The Med Pay will cover these people and you. Also remember that those with HMO health insurance may not get the best care for such injuries.

Med Pay usually covers 100% of health provider services for injuries sustained in the accident. Med Pay helps you avoid seeking a provider who will treat injuries on a lien basis or be treated at county health facility if you or your passenger does not have health insurance.

Most Med Pay coverage limits are \$1,000, \$2,000, \$5,000 (and may be higher) per person per accident. I recommend patients have at least a \$5,000 Med Pay policy on their auto-mobile policy. This means that if you have 5 people in your car at the time of an accident, your Med Pay coverage available is \$5,000 per person. This \$5,000 in Med Pay coverage may add approximately \$200 per year to your policy costs. Check with your insurance broker.

For a cost analysis, evaluate adding Med Pay this way. In the next 10 years, you may spend a total of \$2,000 (\$200 per year x 10 years) for \$5,000 in Med Pay coverage. If you drive in Los Angeles, the chances of being involved in an auto accident in the next 10 years are very high. You may spend an additional \$2,000 in 10 years to get \$5,000 to

\$25,000 of coverage in the accident. A good return for the money and peace of mind in my opinion.

- **Uninsured Motorist**

Studies have shown that approximately 30% to 50% of drivers in Los Angeles do not have auto insurance. This coverage allows you to recover damages from your own insurance company.

- **Rental Car**

When you are in an accident, you may need a car while your vehicle is being repaired. Typical coverage is usually adequate for an economy car for 30 days. Check with your broker.

What About Premiums if the Accident is NOT YOUR FAULT?

There is **NO auto insurance premium increase if the accident is NOT YOUR FAULT.**

The state requires all vehicle owners involved with an auto accident to file a DMV report if the damage is over a certain dollar amount.

To stop insurance companies from increasing their profits unfairly, Former Governor George Deukmejian, signed a law that prohibited your insurance company from increasing your premiums if the accident was found to be NOT your fault.