

UNDERSTANDING YOUR AUTO INSURANCE

Written by Terry P. Abeyta

If you are like most people, you probably don't read much of what your auto insurance company sends you, other than the bill. Should you be involved in an accident, however, it's very important that you know what you've paid for and how to take maximum advantage of the coverage you have paid for.

Contrary to popular belief, there really is no such thing as "full coverage" when it comes to auto insurance. As is true with many things in life, however, you tend to get what you pay for.

This brochure is a guide to help you understand what kinds of auto insurance coverage are offered and in what minimum amounts you should buy it.

TYPES AND LIMITS OF COVERAGE

Liability Coverage:

Liability coverage protects you or another driver insured under your policy if either of you are found legally responsible to pay for someone else's injuries, damages or losses arising from an accident.

This coverage will pay damages for bodily injury and property damage. *Bodily injury* is broadly defined to include the sickness, injury, or death of another person, and typically includes economic and wage loss as well, provided such losses arise out of a bodily injury. *Property damage* covers financial losses arising from the damage, destruction or loss of use of another person's property.

Since liability coverage protects you and your personal assets, it is one of the most important coverages you can buy. Washington law only requires that you have minimum bodily injury liability limits of \$25,000 per person/\$50,000 per accident. The lower "per person" limit is the maximum amount of coverage available to a single injured person for a given accident. The higher "per accident" limit is the maximum total amount of coverage the insurer will pay when more than one person is injured in the same accident. However, no matter how many people are injured or how serious the injuries are, the per accident limit is the maximum amount of coverage available to protect you. These minimum limits are often insufficient to cover the damages caused by a serious accident, especially with medical costs skyrocketing. If your liability insurance limits are not sufficient, the person injured by you may come after your personal assets.

For your own protection, you should thus buy the highest liability coverage limits you can afford. Purchasing high liability limits is also important because these limits will also determine the amount of underinsured motorist coverage (UIM) available to you. You should buy the highest per person coverage you can afford and that coverage amount should be the same coverage as your per accident limits. This is known as a "single

limit” policy. Under such a policy, any one person can recover up to the limits, and this same limit will be the maximum the insurer will pay if more than one person is injured in a given accident. A single limits policy thus provides you with more protection than the split “per person”/“per accident” liability policy. If you can afford it, you should buy at least \$500,000 single limits liability coverage. You should have property damage liability coverage of at least \$50,000 and preferably \$100,000. If you have had other accidents, however, or have a bad driving record, you may not be able to purchase coverage above the minimum limits required by state law.

Personal Injury Protection (PIP):

PIP pays for medical expenses and wage loss for you and other passengers in your car, regardless of who caused the accident. It also covers pedestrians and bicyclists who are injured in an accident with you.

Although you are not *required* to purchase PIP coverage, it is not only recommended that you do so, but you should buy the maximum amount of PIP coverage available.

PIP coverage provides for payment of medical expenses, wage loss benefits, burial expenses, and other services such as home nursing care and domestic help during recovery from an injury. Unlike health insurance, there is no deductible or per visit out-of-pocket payment. So long as the charge is reasonable, necessary and accident-related, PIP should pay 100% of a given medical bill. Thus, even if you have medical insurance, it is still recommended that you purchase PIP coverage on your auto policy. PIP benefits are limited by a maximum dollar amount and for a specific period of time, whichever comes first.

State law requires that PIP coverage be *offered* and that it meet certain minimum requirements. *You will automatically have PIP coverage* in the minimum amounts identified below, ***unless*** you (or your spouse on a joint policy) *reject this in writing*. For medical expenses, the minimum coverage is \$10,000 for bills incurred within three years of the accident. Funeral expenses up to \$2,000 must be covered, and wage loss benefits for one year after the accident (with a 14-day waiting period) up to \$10,000, must also be offered. Benefits for such services as home nursing care and domestic help – known as “essential services” – must be available for a minimum of \$5,000. RCW 48.22.095.

Insurance companies are, upon request, also obligated to offer higher PIP coverage – at an additional cost – for payment of medical expenses up to \$35,000, and for loss of services up to \$40 per day for up to one year from the date of the accident. RCW 48.22.100.

Despite the trend toward making PIP coverage more available, many insurance companies are becoming increasingly aggressive in restricting payments for treatment they consider “unreasonable” or “unnecessary.” For instance, insurers are increasingly likely to attempt to cut off PIP payments before one year when chiropractic care is involved. Usually this is done by them demanding that you attend an “Independent

Medical Examination” (IME) with a doctor of the insurance company’s choosing. If you refuse to attend such an examination, your PIP benefits will also likely be suspended or terminated. You should immediately talk to a lawyer if your insurance company attempts to restrict your PIP coverage following an accident, or demands that you attend an IME.

Underinsured Motorist Coverage (UIM):

Despite the fact that auto insurance is mandatory in Washington, many people nevertheless drive without any insurance or without adequate insurance to fully compensate an injured person. As noted above, mandatory insurance laws require liability coverage of only \$25,000 per person/\$50,000 per accident, which given rising medical costs is often insufficient to cover the damages caused by a serious accident.

Underinsured Motorist Coverage (UIM) covers you, members of your household, and other people riding in the car against damages caused by an uninsured or underinsured motorist, up to the amount of the UIM coverage purchased. This coverage also extends to you or members of your household who may be injured by an uninsured/underinsured motorist while you are a pedestrian or riding a bicycle.

That’s why it’s important, if you experience an injury or loss caused by a driver who is uninsured or underinsured, to have your own UIM. UIM coverage is considered so important that the law requires insurance companies to offer it to all customers. RCW 48.22.030. The amount of UIM coverage offered must be the same amount as your liability coverage unless you make a written request for less coverage. Again, UIM coverage will exist by law unless it was rejected by you (or your spouse on joint policies) *in writing*.

As with PIP coverage, UIM is a very affordable coverage that should always be purchased. *You should never waive this coverage or reduce it below your liability coverage if you want to cut costs on your policy.* Consider paying higher deductibles or even dropping collision or comprehensive coverage instead. There are simply too many uninsured and underinsured motorists on the road today. You may also buy UIM property damage to pay for damage to your vehicle caused by an uninsured or underinsured motorist. You will not need coverage limits any higher than the value of your vehicle. This coverage overlaps with collision coverage since both cover damage to your vehicle, but there may be different amounts for the deductible.

Collision Coverage:

Collision coverage pays for damage to your vehicle from an accident or collision regardless of who may be at fault. Collision coverage pays for repair or replacement of a vehicle, up to the fair market value of the vehicle, subject to a deductible which may range from \$250 to \$1,000. You can reduce the cost of this coverage by choosing a higher deductible amount. Your cost can also be reduced by not carrying collision coverage on older vehicles which have lower values.

Comprehensive (or “Other than Collision”):

This coverage protects your vehicle from damage caused by fire, theft, vandalism, weather, glass breakage and contact with an animal. Note, however, that this coverage usually does not cover such “portable” items as cassette tapes, CDs, personal music devices (iPods, etc.), tape decks or cell or car phones. Coverage for these items can typically be added by specific endorsement. The recommended deductible for comprehensive is \$100 - \$500.

Other Insurance Options:

Other coverage which is typically offered includes towing and car rental. For a small additional cost, these benefits are usually worthwhile to have on your policy, as towing and car rental costs can be substantial if you are hit by an uninsured driver and have no other way to obtain coverage for these items.

WHO IS COVERED?

Named Insureds:

Generally, if married, it is wise to have both a husband and wife listed as named insureds on your auto policy because under some policies there is broader coverage for named insureds than for other persons insured under the policy, such as non-spousal family members or other residents of the household. Similarly, if you cohabitate with another, and regularly drive their vehicle, or if it is available for your regular usage, you need to be a named insured on the vehicle’s policy, or you may not be covered if you cause an accident while driving such vehicle.

Other Insureds:

Although a policy usually only has one or two named insureds, there can be a limitless number of “other insureds” under a policy. The language of the policy tells you who the other insureds are. Family members of a named insured are generally considered as insureds under the typical automobile insurance policy. There may be limitations, however, requiring that the family member be related by blood, marriage, or adoption and a resident of the same household as the named insured. Children temporarily away at college are usually covered under their parent’s policy. Unmarried cohabitants are usually not considered members of the same family, and thus, as noted above, should be added to the policy if they will be using the vehicle to ensure that they will be covered. Parents with joint custody of children who split time between the homes of their divorced parents should, to be safe, add the child to their respective auto policies if they will be driving either parent’s car(s).

Coverage is also normally extended to anyone who uses an insured vehicle with the permission of a named insured as long as their operation of the vehicle is within the scope of the permission at the time of the accident.

WHAT IS COVERED?

Newly-Acquired Vehicles:

If you buy a new vehicle, it is generally covered under your existing auto insurance provided that: (1) all of your vehicles are insured by the same company; and, (2) so long as you add the vehicle to your policy within 30 days of the date you acquire it. You will have only the same coverage(s) as with your existing vehicle(s), so it is important that you consider adding additional coverages such as collision, or increasing your limits, when you trade in an older vehicle for a newer, more valuable one.

Temporary Substitute Vehicles:

This coverage can vary greatly. Generally, a vehicle that is temporarily being used because of a breakdown or servicing of an insured vehicle will be insured under your auto policy. A rental vehicle will often – but not always – qualify as a temporary substitute vehicle. Be sure to check your policy for what coverage applies to your use of a rental car. Also, remember that vehicles which are provided to you for your work by an employer are almost *never covered* under your personal auto policy, so be sure that your employer has insurance in place on the work vehicle.

If you regularly drive a vehicle provided by your employer, ask them to be sure they have and maintain UIM coverage on the vehicle, as usually your own UIM coverage will not apply to a work vehicle not owned by you. If the employer does not have UIM coverage on the work vehicle, ask them to add it. If your employer cannot provide UIM coverage, you can typically buy your own endorsement to add UIM coverage to a vehicle you don't own, and should do so.

DUTIES AFTER AN ACCIDENT

If you are in an accident involving injuries or property damage, there are basic guidelines you should follow. These steps will help you avoid hassles with claims adjusters, and assist you in obtaining fair compensation for your injuries and damages.

If You are Injured, Obtain Medical Treatment as Soon as Possible.

Go to the nearest hospital emergency room or to your personal physician as soon as possible. An injury, if untreated, may become substantially worse. If you fail to seek treatment, or delay in obtaining medical attention, an insurance adjuster may suspect that you were not genuinely injured, and discount your claim. Even a delay of one week is often too long. Do not assume you will “be okay” – get evaluated!

Assist the Injured.

If someone is seriously injured, call 911 or the police and tell them an ambulance is needed. Make the injured person as comfortable as possible, *but do not move him or her unless it's absolutely necessary to avoid further injury.*

Insist on a Police Investigation and Report.

In many cases, there are no witnesses and you and the other driver may have conflicting versions of how the accident happened. If you do not request a police investigation, you may seriously damage your chances of obtaining full compensation, or worse, may be blamed for an accident that is not your fault. Thus, if an accident is not

your fault, insist that the police are called. This ensures that all involved drivers will be forced to document how the crash occurred before having time for “reflection.” If the “at fault” driver does not want the police called, insist that they write up an admission of fault for you right at the scene which describes how the crash occurred and their responsibility for it. This should be dated and signed by them, and should refer to the location and time of the crash. If they refuse, call the police! Police are not required, however, to do a report when there are no injuries and none of the vehicles involved has more than \$700 of property damage. They are also not required to prepare a report if the collision occurs on private property, such as in a parking lot.

Do not Move Your Vehicle while Waiting for Police to Arrive.

Unless your vehicle poses an immediate hazard to other traffic, it is important that you leave it in the same position that it came to rest after the accident. Ask the other driver not to move his or her vehicle until the police arrive. The single most important piece of evidence that the police officer has for determining fault is the position of the vehicles after the crash. Car Photos: You should always photograph the damage to your vehicle fully before having repairs done. Carrying an “instant camera” in your glove box allows you to get photos of the other car and the scene, as well.

If You Are Injured, Tell the Police Officer.

The first record of your injuries will be contained in the investigating police officer’s report. If you fail to mention to the police officer that you were injured, it may create suspicion in the mind of the insurance adjuster (who will ultimately evaluate your claim) that you were not hurt. Ordinarily, the officer will ask if you are injured. If you are having any symptoms at all, answer “yes” and specify all areas where you are experiencing pain/symptoms, even if you do not believe your injuries to be serious. Injuries and symptoms usually worsen after you leave the scene. If the officer does not ask if you are injured, or assumes that you were not injured, let the officer know immediately of any injuries or pain. If you are in severe pain, and feel you require an ambulance, tell the police officer this, and request that an ambulance be called.

Obtain Names and Telephone Numbers of Eyewitnesses.

Often by the time a police officer arrives at the scene, witnesses to a collision are gone. Therefore, it is very important for you to identify any witnesses to the crash and that you write down their names, addresses and telephone numbers. In the event that the at-fault driver later attempts to change their version of the accident, these independent witnesses are crucial to proving responsibility for the crash.

File Your Accident Report when Required by Law.

You are not required to file an accident report when the collision is investigated by a law enforcement officer who files a report. You may, however, file your own report if you wish or if you disagree with the details reported by an officer. Your report, which is filed with the Washington State Patrol in Olympia, must be sent within four days of the accident, although sending it in late is better than not sending it in at all. Always keep a copy of the report sent in by you for later reference.

If You Have a Serious Injury, Do Not Try to Settle Your Own Claim.

If you have suffered a serious injury or injuries requiring follow-up medical attention such as physical therapy, MRI or numerous follow-ups with your doctor, you should at least call to consult with, and seriously consider hiring, an attorney to represent you. An experienced personal injury attorney will generally make sure that you receive the compensation that is due you, usually more than will be offered in settlement by an insurance adjuster, even after attorney's fees are paid. They will also typically assist you with getting your car repaired or paid for, and also assist in getting your medical bills processed. They will also be able to advise you regarding different medical treatment options, and assist you with gathering proper documentation about the crash.

If you choose to accept a settlement for injury without seeking legal representation, you may receive a settlement that does not fully or fairly compensate you for permanent injuries and damages. Once a claim is settled, it can never be reopened. The best rule is not to sign a release for at least six months following an injury. If you're uncertain about whether (and when) to settle, talk to an attorney who handles personal injury cases.

Most attorneys handle injury cases on a contingency fee basis, meaning there is no fee unless they recover compensation for you. Upon recovery, the attorney gets a percentage of the recovery for his or her fee. You are, however, responsible for out-of-pocket expenses, called costs, advanced by your attorney. There is usually no charge for you to meet and discuss your claim with an attorney.

Report Your Loss to Your Insurance Company, but Do Not Give a Statement to the Other Driver's Insurance Adjuster.

The odds are that a claims adjuster for the other driver will be assigned to your claim before you have been able to retain an attorney. This may happen as soon as a day or two after the accident. The adjuster will usually request permission to take a recorded or written statement from you.

Whether or not you are considering hiring an attorney, you should *not* give a statement to an insurance adjuster for the other driver. Statements made can seriously prejudice your claim. This is especially true when a police report was already done. Instead, tell the adjuster that you have decided to hire an attorney and instruct him or her to refer all further questions to your attorney. Proper questions will be responded to by your attorney.

You should, however, immediately report the accident to your own insurance company. Tell them what happened, provide them with the names of witnesses and ask that a PIP claim be opened to allow your medical bills to be timely paid.

Do Not Sign Medical or Employment Records Authorizations for the Other Driver's Insurance Company.

The claims adjuster may also ask that you sign a medical or employment records authorization to allow them to get your medical or wage/time loss records. Never sign

such authorizations before speaking to an attorney! If you do so, the adjuster cannot only obtain your private medical records and bills, but they can also request special reports or even talk to/meet with your own doctor!

You must, however, sign a medical authorization for your own insurance company if making a PIP claim. Always keep a copy of the PIP Application and authorizations signed, and caution your company not to provide any medical or other information to the other driver's insurer without your consent.

Your Time for Making a Claim is Limited by Law.

For every injury or death claim, there is a period of time during which you must file your claim with the court or the claim will be forever barred. This time limit is called a "statute of limitations."

In Washington, the period for bringing an injury or death claim is usually three years from the date of the accident, but there are some exceptions. The period for bringing a claim for *injury* to a child does not begin to run until the child's 18th birthday. A claim arising out of the *death* of a child, however, is usually limited to three years. For accidents which occur in other states, the period may be as short as one year from the accident.

Although you may have longer to actually file your claim with the court, generally, the sooner you can consult with a personal injury attorney following the accident, the more that attorney can do to help you on your claim.

RESOURCES

Washington State Insurance Commissioner Consumer Advocacy Office

For questions or complaints about your insurance coverage. Complaint forms are available on-line at the website listed below.

Office of the Insurance Commissioner

P.O. Box 40256
Olympia, WA 98504-0256
360-725-7080
800-562-6900 (toll free – in Washington only)
360-586-0241 (TDD)
360-586-2020 (fax)
cap@oic.wa.gov – e-mail
www.insurance.wa.gov

Washington State Attorney General's Office

For questions or complaints about the purchase of a car or faulty repairs to a car:

Washington State Attorney General's Office
Lemon Law Administration
800 – 5th Avenue, #2000
Seattle, WA 98164
206-587-4240 (King County)
800-541-8898 (toll-free)
509-456-3124 (Spokane County)
206-464-6451 (fax)
www.atg.wa.gov/lemonlaw/

Washington State Patrol

911 (Emergency)
360-596-4000 (Non-emergency)
www.wsp.wa.gov/

For a copy of a collision report, send a letter with a \$5.00 check or money order to:

Collision Records Request Section
P.O. Box 47382
Olympia, WA 98504-7382

ACCIDENT INFORMATION FORM

Your Information

Name: _____

Insurance Company: _____

Policy No: _____

The Other Driver's Information:

Name: _____

Address: _____

Home Phone: _____

Work Phone: _____

Cell Phone: _____

Insurance Company: _____

Policy No: _____

Where did the accident take place: _____

What happened (a brief description): _____

What part of your car is damaged? _____

What part of the other car is damaged? _____

How many people were in the car(s)? _____

What are their names? _____

Was anyone injured? Who and how? _____

Are there any witnesses? Names and numbers: _____

Name of police officer: _____

Police Incident Number: _____