

## SELECTING A COMPANY OR AGENT

When making a major purchase you comparison shop, ask questions and conduct research about the product. The same should apply when you select insurance, too.

Check with several insurance agents and companies before making a decision. Price should not be the sole deciding factor—service should be a major consideration. Ask questions regarding the claims process; how long they've been in business; the availability of possible discounts; and the insurer's financial stability or rating. Ask friends and family for recommendations, too.

The Internet is a great resource to assist in shopping for insurance. Some insurers allow online quotes and coverage comparisons. If purchasing insurance online, be sure to assess the need for an insurance professional before finalizing the agreement. Be prepared to answer questions when shopping for insurance, such as the car make and model; annual miles driven; and the driving records of you and other family members. When making the final decision compare the cost, quality of the service and product, and coverages that best suit you.

## SAVING MONEY ON AUTO INSURANCE

OII offers these insurance cost-saving tips for Ohioans:

- **Comparison shop.** Check with several insurance companies and agents. Service should be a major consideration, as well as the company's claims handling process and financial stability.
- **Raise deductibles.** You can reduce your premium by shouldering some of the risk. By increasing deductibles, you are responsible for small losses, not your insurer. By increasing your deductibles from \$250 to \$500, you could reduce your physical damage premiums by 15–30%.
- **Choose the right car.** Before buying a car, compare insurance rates of similar models. Premiums are higher for most luxury and sport models because of higher repair costs and theft experience.
- **Consider eliminating collision and other than collision coverages.** This is especially true as cars get older and depreciate in value. Be sure to keep auto liability coverages intact in order to comply with Ohio's FR law.

- **Ask about discounts.** Investigate the qualification requirements for all discounts. Most companies offer discounts for multiple cars and when carrying homeowners or another type of insurance with them.
- **Eliminate duplicate coverage.** Belonging to an auto club that provides towing services, or if provided by the auto manufacturer, may be a duplication of coverage.
- **Drive defensively.** An at-fault accident or major traffic violation can affect future premium increases. Some companies reward policyholders for remaining accident-free over a certain time-period.
- **Avoid filing excessive or fraudulent claims.** The more you file, especially small ones, the greater the likelihood that future premiums will reflect this. "Padding" a claim is insurance fraud—a crime punishable by law.
- **Keep tabs on credit.** Insurers utilize many resources in determining auto insurance premiums. An insurance score, used by many insurers, is a snapshot of your insurance risk based on information in your credit report. More information on insurance scoring is available at [www.ohioinsurance.org/newsroom/current\\_issues.asp](http://www.ohioinsurance.org/newsroom/current_issues.asp).
- **Choose where you park.** Select well-lighted areas and keep windows up and doors locked when parking.
- **Use the Ohio Department of Insurance Shopper's Guide for Auto Insurance.** Available online at [www.ohioinsurance.gov/consumserv/ocs/ocspub.htm](http://www.ohioinsurance.gov/consumserv/ocs/ocspub.htm).

### ● FOR MORE INFORMATION ●

OII offers free consumer brochures covering a variety of homeowners and auto insurance issues, consumer safety tips and insurance laws. Or visit our Web site for a variety of consumer related materials available for downloading at [www.ohioinsurance.org](http://www.ohioinsurance.org).

Online version of **Auto Insurance** available at [www.ohioinsurance.org/consumers/fact\\_pak.asp](http://www.ohioinsurance.org/consumers/fact_pak.asp).



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# AUTO INSURANCE



AUTO  
HOME  
& TIPS!

Learning a few basics about auto insurance can go a long way in helping to become a more knowledgeable insurance consumer.

## BASIC PARTS OF AN AUTO POLICY

**Declarations:** Personalizes the policy—makes it specific to you. Information on the “dec page” includes your name, address, make and model of the insured vehicle(s), vehicle identification numbers (VIN), the dates in which the policy provides coverage, the policy number, the driver(s) covered, types and limits of the coverages you select—including deductibles—and the premium (cost of the policy).

**Coverages:** Details the coverages purchased. Common coverages are: liability (bodily injury and property damage), medical payments, uninsured/underinsured motorists, uninsured motorists property damage, collision and other than collision (comprehensive). You and your insurance professional should evaluate the types and limits of coverages that are appropriate to your needs.

**Supplementary payments:** Provides for payment over the limits of liability noted in the policy for expenses incurred by the insurer, costs taxed against you in a court suit, attorney’s fees and other related costs.

**Exclusions:** Specifies the policy’s limitations—what is not covered by the policy. You can often “buy-back” coverage for exclusions by purchasing policy “endorsements.” Endorsements provide additional coverage for an additional premium. Check with your insurance professional regarding available endorsements.

**Conditions:** Establishes the conditions that must be present or complied with by the company and policyholder. An insurance policy is a legal contract defining duties and responsibilities of the company and policyholder. Examples include time-period restrictions, duties in the event of a claim, proof of loss and cancellation procedures.

**Definitions/general provisions:** Contains miscellaneous information including definitions of policy terms and miscellaneous conditions regarding policyholder and insurance company rights.



## TYPES OF COVERAGE

All coverages are limited to the amount of coverage purchased as noted on the declarations page of the policy. The common types of auto insurance coverages are:

**Bodily Injury Liability:** Provides coverage for injury or death claims against you in an auto accident. Legal defense costs are provided in addition to liability limits.

**Property Damage Liability:** Provides coverage for damage to the auto or property of others caused in an at-fault auto accident.

**Medical Payments:** Pays for medical or funeral expenses resulting from an auto accident, regardless of fault, for you and your passengers.

**Uninsured Motorists (UM):** Provides injury coverage to the insured driver, resident members of your family and passengers, up to the policy limits, when involved in an accident caused by the owner or operator of an uninsured vehicle or a “hit-skip.” The named insured and family members are also covered if they are pedestrians and struck by a UM vehicle.

**Underinsured Motorists (UIM):** Provides injury coverage to the insured driver, resident members of your family and passengers, up to the policy limits, when involved in an accident when the at-fault driver’s policy limits are less than your UIM limit.

**Uninsured Motorists Property Damage (UMPD):** Provides coverage for your vehicle if involved in an accident with an uninsured motorist. If carrying collision coverage on your auto, the insurance company is not required to offer this coverage.

**Collision:** Pays for damage to your car caused by impact with another object or an overturn, irrespective of fault. Coverage comes with a deductible, meaning that upon a claim, the car owner pays a specified amount before the insurance company pays the remainder. A general rule of thumb is the greater your deductible, the lower your premium.

**Other Than Collision:** Also known as “comprehensive,” it pays for your vehicle damages other than those caused by a collision or overturn. Coverage comes with a deductible. Examples include theft, vandalism, fire, windstorm and flooding. Covered perils are listed in your policy. Be sure to review all exclusions.

## DECIDING ON APPROPRIATE COVERAGE

When evaluating the coverages and limits of auto insurance needed, consider the following:

**Ohio’s financial responsibility (FR) law:** The purpose of Ohio’s FR law is to assure compensation to victims when injuries or damages are sustained in a crash. There are several ways to comply with Ohio’s FR law but the majority of Ohioans choose to do so by purchasing auto insurance.

**FR proof:** When stopped for a moving violation or vehicle safety check you are required to show FR proof. This is in addition to providing proof at a traffic court appearance or upon written request from the BMV. Insurance companies issue “auto insurance ID cards” to new and renewal policyholders. These ID cards are accepted as FR proof.

As a licensed vehicle owner, you are also a candidate for the BMV’s random verification program by mail. Copies of the auto ID card, your auto insurance declaration page or authorized FR bond satisfy as proof.

**FR minimum limits:** If you choose to comply with the FR law through insurance, the minimum limits, as specified by law, are: bodily injury liability—\$12,500 per person and \$25,000 per accident; and property damage liability—\$7,500 per accident.

These limits may not be sufficient, especially considering the costs of lawsuits and vehicle repairs. Higher limits are available and should be discussed with your insurance professional to obtain the best coverage for your needs.

**Your car:** For older models, values have likely depreciated so consider eliminating physical damage coverages.

**Deductibles:** Reduce premiums by shouldering some of the risk. By increasing deductibles you are responsible for small losses, not the insurer.

**Crash report filing optional:** Drivers involved in a motor vehicle crash resulting in bodily injury, death or causing more than \$400 in property damage should consider filing a Motor Vehicle Crash Report with the Ohio Bureau of Motor Vehicles (BMV), if they suspect that the others involved in the crash were uninsured. Reports can be submitted within six months of the crash date. Once filed, the report provides the BMV with necessary information to contact the alleged driver(s) for FR proof.