

Understanding Your Auto Coverage

Everyone who drives is required by law to carry auto insurance, but when many people look at their policy, they are confused by the coverage types and numbers. Understanding what the terms and numbers on your auto policy mean is vital to ensuring you have enough coverage.

Liability Coverage

If you are in an accident and you are at fault, your liability coverage will pay for the damage to the other car as well as medical attention needed by anyone who was injured. You are required by law to carry a minimum amount of liability insurance. Liability coverage usually appears as three numbers; these three numbers are the limits of your policy for bodily injury per person, bodily injury per incident, and physical damage. The numbers represent thousands of dollars.

If your liability limits are 50/100/50, you are carrying \$50,000 per person for injury, \$100,000 per incident for injury, and \$50,000 for physical damage. These are the maximum amounts your insurance company will pay out on a claim made against you.

Comprehensive and Collision

These two coverages will appear on your policy as deductible amounts. Each of them is coverage for damages done to your vehicle, but they apply to different types of claims. If you have a loan on your car, you will be required to carry both of these types of coverage.

Collision coverage is for damage sustained by your vehicle in the event of an accident. The deductible is the amount that you will be responsible for paying if a claim is made. In most cases, you will pay the deductible only if you were at fault in the accident.

Comprehensive coverage is for damage sustained to your vehicle in just about any situation outside of an accident. This includes things like weather damage, vandalism, and theft. Again, the deductible amount is what you will pay in the event of a claim.

Uninsured Motorist Coverage

This is a coverage that protects you in case you are involved with another driver who does not have liability coverage and is at fault in the accident. This coverage may also include underinsured motorist allowance, which will help to cover the difference if the other driver has liability limits too low to pay for all of the damage or injuries. This coverage will appear in a similar format to your liability coverage.

Medical Coverage Or Personal Injury Protection

This coverage helps to pay for medical care of anyone in the vehicle who is injured when an accident occurs. Some states mandate this coverage, while in others it is optional.

These are the main types of auto insurance coverage. Your policy may have other options, but these basics will help you to understand the foundation of your auto policy.