

## **Check Insurance Coverage Before You Get Behind the Wheel**

Insurance is designed to protect the insured against big losses, not to make the person whole to the last dollar. However, many Floridians, especially new residents, shortchange themselves when it comes to proper auto insurance coverage. The deficits in coverage often surface following an accident.

“Too often I have a client tell me their insurance agent told them they had "full coverage" but they later realize they were only covered for PIP and property damage,” Wittmer says.

“This means they don’t have liability insurance to protect their family and they don’t have uninsured motorist insurance to pay for their families’ medical bills, lost wages, injuries, etc., if the other (at-fault) vehicle and/or its driver are not insured.”

## **Required Personal Injury Protection (PIP) Coverage**

Under Florida law, motorists are required to purchase personal injury protection (PIP) and property damage (PD) liability coverage. The no-fault PIP coverage provides \$10,000 of coverage for: payment of 80 percent of reasonable medical expenses, 60 percent of loss of income, plus a \$5,000 death benefit, for bodily injury sustained in a motor vehicle accident, without regard to fault.

PIP covers the people named in the policy, relatives residing in the same household, persons operating the insured motor vehicle, passengers in the insured motor vehicle, and persons struck by the insured vehicle.

PIP coverage gives policyholders immunity from liability for economic damages up to their policy limits and for non-economic damages (pain and suffering) for most injuries. The immunity protects the insured from tort actions by others (and conversely, the insured may not bring suit to recover damages) for pain, suffering, mental anguish, and inconvenience arising out of the vehicle accident, except in the following cases: (1) significant and permanent loss of an important bodily function; (2) permanent injury within a reasonable degree of medical probability, other than scarring or disfigurement; (3) significant and permanent scarring or disfigurement; or (4) death.

This “verbal threshold” means that lawsuits for pain and suffering may be filed in court only if injuries meet those four levels of seriousness.

### **Property Damage Liability Coverage**

Current law also requires vehicle owners to obtain \$10,000 in property damage liability coverage that pays for the physical damage expenses caused by the insured to third parties in the accident. Additionally, under Florida’s Financial Responsibility law, motorists must provide proof of ability to pay monetary damages for bodily injury and property damage liability after motor vehicle accidents or serious traffic violations.

The minimum amounts of liability coverage are \$10,000 in the event of injury to one person, \$20,000 for injury to two or more persons, and \$10,000 property damage, or \$30,000 combined single limits.

### **Optional Coverages**

Many Florida drivers purchase “optional” coverages in addition to mandatory insurance including bodily injury liability, (which may be required by the Financial Responsibility Law), uninsured motorist, collision, comprehensive, medical payments, towing, rental reimbursement and accidental death and dismemberment.

Traditionally, to reduce auto insurance premiums, motorists have been urged to hike the deductible on collision coverage and cut back on liability coverage. Sometimes this can make sense, but often it's not worth the extra risk.

### **Underinsured Motorist Bodily Injury Coverage**

Underinsured motorist bodily injury coverage is available in Florida. This coverage pays for medical expenses, lost wages, and other damages when the insured or the insured’s passengers are injured in an accident caused by a driver who has insufficient auto insurance coverage.

This kind of auto insurance coverage typically pays the difference between the coverage limit the insured selects and the other driver's bodily injury coverage limit.

The amount covered by underinsured motorist bodily injury is capped at the limit the insured chooses when buying an auto insurance policy.

### **Underinsured Motorist Property Damage Coverage**

Underinsured motorist property damage coverage protects the insured's car if it is damaged in an accident caused by a driver who has insufficient auto insurance coverage. This kind of auto insurance coverage pays the difference between the coverage limit the insured selects and the other driver's property damage coverage limit.

The amount covered by underinsured motorist property damage is capped at the limit the insured chooses when the auto insurance policy is purchased.

## **Bodily Injury Liability**

This coverage compensates the driver of the other car and its passengers in the event of an accident. It also covers the passengers in the insured's car. The primary consideration here is protecting the insured's assets against lawsuits that arise from auto accidents.

Bodily injury liability is sold in standard increments designating both the amount of coverage *per person* in an accident, with an additional limit *per accident*. For example, buy bodily injury worth \$100,000/\$300,000, and each of the persons injured could be compensated \$100,000, but only up to \$300,000 per accident.

The depth of coverage is a function of what assets the insured needs to protect. For a person making \$30,000 a year and renting an apartment, \$50,000/\$100,000 should work. A person earning more than \$75,000 a year, who owns a \$150,000 home and \$40,000 in mutual funds, should consider at least \$100,000/\$300,000 of coverage.

A person with substantial assets could buy \$300,000 in bodily injury coverage in an auto policy and \$300,000 on the liability portion of their homeowner's policy. Spend another \$150 - \$300 for a \$1 million umbrella policy, which covers the insured against all manner of liability claims. The cost for an additional \$1 million in coverage is minimal: about \$75 to increase coverage to \$2 million, and \$50 for each \$1 million after that, according to the Insurance Information Institute.

## **Collision and Comprehensive Coverage**

Collision coverage reimburses the full cost of repairs or replacement of the insured's car after an accident. Comprehensive covers damage to a vehicle from a natural disaster, vandalism or theft. For these coverages, choose the highest deductible affordable. For older vehicles, this coverage may not be needed.

Collision and comprehensive — which can account for 30% to 40% of the total premium — are cash-value coverages. If the cost of collision and comprehensive coverage is more than 10% of the insured car's Kelley Blue Book value, drop these coverages.

### **Be Sure Your Insurance Coverages Meet Your Needs**

Mr. Wittmer's firm recently handled an injury case that shows the need to review your insurance policies to assure you and your family are adequately insured. Mr. Doe was involved in a serious rollover automobile accident. He sustained severe injuries to his neck and lower back requiring surgical interventions. The at-fault driver had insurance but was only insured for \$10,000.00 for bodily injury. Mr. Doe had uninsured/underinsured motorist coverage for \$30,000.00. His medical treatment alone exceeded the amount of coverages available. Due to the limited insurance coverages, Mr. Doe is now unable to pay for his future medical needs and/or lost time from work. In order to protect yourself and your family, make sure your insurance policies meet your needs. It would be better find out now rather than later.

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