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Plain Talk Series: A Basic Explanation of Your Auto Insurance Policy

The “declaration page” of your insurance policy lists the different types of insurance coverages available. In other words, the declaration page lists the insurance coverages that you pay for as part of your insurance policy premium. Definitions of these different types of coverages are described below:

Bodily Injury Liability Insurance Coverage: This protects you if you are found legal responsible for the bodily injury of another person resulting from an auto accident. You are protected up to the policy limit that you select on your auto insurance policy. The minimum amount of bodily injury liability coverage in Georgia is \$25,000.00 per person; \$50,000.00 per accident.

As an example, if you had the minimum limits of \$25,000.00/\$50,000.00, any one person can collect up to \$25,000.00 for their injuries from your insurance company. If you were legally responsible for the injuries of more than one person, each person could collect up to \$25,000.00 but your insurance company will *not* pay more than \$50,000.00 for everyone’s injuries combined.

Property Damage Liability Insurance Coverage: This protects you if you are found legal responsible for the damage to someone else’s property resulting from an auto accident. You are protected up to the policy limit that you select on your auto insurance policy. The minimum amount of property damage liability coverage in Georgia is \$25,000.00 per accident.

As an example, if you had the minimum limits of \$25,000.00 and were legally responsible for the damages to another person’s property resulting from an auto accident, that person could collect up to \$25,000.00 from your insurance company for their damaged property.

Medical Payments Insurance Coverage (or “Med Pay”): This coverage is optional in Georgia and more or less supplements any health insurance that an injured party maintains. In the event of an auto accident or auto related injury, med pay covers the costs of medical, dental and funeral expenses for you and your passengers. Med pay is different from health insurance in that there are no copays or deductibles. Instead, med pay is a dollar-for-dollar benefit up to the insurance policy limits. Frankly, whether you have health insurance or not, med pay protects you.

Med pay covers you and your passengers for their auto related injuries whether the accident is your fault, someone else’s fault or nobody’s fault. Only your vehicle’s occupants are entitled to your med pay benefits so it only matters if *your* vehicle has med pay coverage. Med pay can even protect you if you are a pedestrian, cyclist or a passenger in somebody else’s vehicle.

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Uninsured / Underinsured Motorists Bodily Injury Insurance Coverage (or “UM”): This coverage is optional in Georgia. UM insurance provides protection for you and your passengers in the event that you or they are injured by a driver who does not have any, and in some cases not enough, insurance to cover your injuries. UM insurance coverage also protects you from hit-and-run vehicles.

Unfortunately, many Atlanta drivers have chosen to purchase minimum insurance limits or even drive illegally without any insurance coverage. If one of these underinsured / uninsured drivers causes an accident that injures you or your passengers, you will need uninsured / underinsured motorist bodily injury insurance coverage.

Uninsured / Underinsured Motorist Property Damage insurance is also optional in Georgia. This type of UM insurance coverage provides protection for costs related to damage to your insured / covered vehicle and your vehicle’s contents (e.g., cell phone, sunglasses, etc.), if the vehicle is damaged by a driver who does not have any, and in some cases not enough, insurance to cover your property damages.

There are two (2) types of UM coverage in Georgia: 1) *Added to* at-fault liability limits; and 2) *Reduced by* at-fault liability limits. These are explained below:

- 1) *Added to* insurance limits: If you are injured or damaged by a driver that has insurance but not enough insurance, your uninsured / underinsured insurance coverage limits are *added to* the other driver’s liability limits so you can potentially collect the total of the two policies combined.

For example, if the at-fault driver has \$25,000.00 in insurance coverage and you have \$25,000.00 of *added to* uninsured / underinsured insurance coverage, you could potentially receive a combination of the policy limits or $\$25,000.00 + \$25,000.00 = \$50,000.00$.

- 2) *Reduced by* insurance limits: If you are injured or damaged by a driver that has insurance but not enough insurance, your uninsured / underinsured insurance coverage limits are *reduced by* the other driver’s liability limits.

For example, if the at-fault driver has \$25,000.00 in insurance coverage and you have \$25,000.00 of *reduced by* uninsured / underinsured insurance coverage, you would only receive \$25,000.00 from the at-fault driver’s insurance company and \$0.00 from your uninsured / underinsured *reduced by* insurance coverage. $\$25,000.00$ (at-fault driver) - $\$25,000.00$ (reduced by uninsured / underinsured limits) = \$0.00 paid by your own uninsured / underinsured insurance coverage.

If you do not have UM coverage and an uninsured or underinsured driver is legally responsible for you or your passenger’s bodily injuries and property damages, you will not be protected or compensated for these injuries or damages.

Collision Insurance Coverage: This coverage is optional in Georgia. Collision insurance pays for the damage done to your vehicle resulting from an auto accident regardless of who is at fault for the collision. This is important because if you are legally responsible for causing an accident, collision insurance is the only type of insurance coverage that will pay for your vehicle to be repaired. Collision insurance can also be helpful in terms of speeding up the timeline for getting your vehicle repaired after an auto accident.

Comprehensive Insurance Coverage: This coverage is optional in Georgia. Comprehensive insurance pays for the damage done to your vehicle resulting from any incident that is *not* an auto accident. This is different from collision insurance coverage (explained above) as comprehensive insurance coverage protects you for damages related to theft, fire, vandalism, flooding, hail, etc.

The best example specific to Atlanta would be if your car is parked and a tree falls on top of it. Comprehensive insurance coverage would pay for this type of damage.

You have rights. Know them and protect them.