

Insurance

If you are going to purchase an older vehicle, let's say for around \$4000 or less, many people generally consider getting just "liability coverage" opposed to "full coverage". If all you get is "just liability", you may be sadly underinsured. Liability coverage will only cover damages and medical cost to the other driver. It does nothing to fix or replace your car.

For the most part, adding additional coverage to a policy is relatively inexpensive considering the overall cost of the policy. Addition coverage you should consider adding to a liability policy:

- **Comprehensive.** This will cover the cost of repair if you hit a deer, tree limb falls on car, broken windshield, hail damage, or anything miscellaneous or out of your control.
- **Uninsured Property Damage & Underinsured/Uninsured Bodily Injury.** If you just have liability coverage and someone that has little to no insurance coverage hits you, you may be out your vehicle. About the only option to get your vehicle repaired or replaced if the other driver was uninsured or underinsured, is through legal means (suing and going to court). Underinsured and uninsured Bodily Injury coverage covers your medical cost.
- **Emergency road service (ERS).** Extremely cheap add-on. This will cover breakdowns and towing. Many people will purchase a membership through companies such as AAA or AARP just for the ERS. These memberships can cost significantly more than getting the coverage under your auto policy.

Additional information that may be very valuable when it comes to insurance coverage:

- **Bodily Injury Liability.** This is to cover medical cost to the occupants of another vehicle if you are in an "at fault" crash. Years ago, when medical costs were reasonable, many people would get \$100,000 / 300,000 coverage. The \$100,000 is what your insurance company will pay per person's medical cost and the \$300,000 is what your insurance company will pay per crash. With today's medical cost and if you are in an "at fault" crash and a person needs surgery, a week or so stay at the hospital, rehab, etc., you may be underinsured with only \$100,000 per person. It would be safe to say that you should consider at least \$250,000 / \$500,000 or even \$500,000 / \$500,000. With most insurance companies, to increase from 100,000 / 300,000 to the higher coverages mentioned, may only cost a few more dollars a year.
- **Property Damage Liability.** This is to cover any damages you do to other's property such as their vehicle, utility poles, guard rails, etc. Ohio's minimum required coverage on this is \$25,000. You might ask yourself, how many vehicles on the road today cost more than \$25K? Answer, a lot. Many people will go with anywhere from \$25,000 up to \$50,000. For the most part, you are probably pretty safe with \$50K coverage but if you cause the crash of a newer quad cab pickup truck or sports car, or a multi-vehicle crash, good chance you will be underinsured. Since this is very inexpensive coverage, many insurance companies recommend this amount matches the "per person" amount (100k or 250K).
- **Medical Payments.** This is primarily to cover medical cost of passengers in your vehicle. Most people have their own health care coverage and will cover their medical cost. This amount is basically to offset their cost of their copays and deductible. Many people carry about \$5000. However, if you have a passenger in your vehicle that has no medical coverage and you are in an "At fault" crash, you may be responsible for much more than just their copays and deductible.

Anytime you are underinsured, it will put you at risk of civil liability which can result in garnished wages.

It is recommended to compare prices between 2-3 different insurance companies.

(see rear)

Things to consider about deductible amounts.

- **Collision.** If you are in an “at fault” crash, your deductible is what you will have to pay and your insurance company will cover the remainder (provided you have enough coverage). Some people might have \$500 and others \$1000 or more. Recommend to consult your agent and ask what affect one amount compared to the other will have on your policy premium. With some auto policies, if you have a higher deductible, it will lower the overall cost of the policy.
- **Comprehensive.** Again, this will cover the cost of repair if you hit a deer, tree limb falls on car, broken windshield, hail damage, etc. The question is, how much do you want to pay out-of-pocket if it comes time that you need this coverage? Some people may go with \$100 deductible or higher while others elect to have 100% coverage and with no deductible. Again, recommend to compare how the different deductible amounts affect the overall cost of your policy.

Most everyone has seen Flo and her sidekick Jamie on the Progressive commercials or the gecko on the GEICO commercials. (side note: the gecko’s name is Martin). Moving on, one of the main points they recommend is to bundle your home and auto. As the commercials claim, bundling with the same insurance company will help keep cost down opposed to having separate insurance companies for your home and auto. This is also true with bundling all your vehicles under the same policy. In other words, it probably would not be wise to have a teenage who wishes to buy their own car to insure it separately opposed to having the car owned by a parent and bundling it with their vehicles.

Many companies will also give discounts to a new (teen) driver for good grades (school). If a teenage does not have good grades your insurance cost can be more expensive.

Many teens think it is no big deal to speed or commit other traffic violations. When it comes to a teenager, just one ticket can basically put them on a type of probation until they turn 18. In essence, if a teen gets a 2nd traffic ticket, it pretty much guarantees that there will be a license suspension (not to say there will not be one with the 1st ticket), and the 2nd or more conviction will most likely be sent to BMV to go on the teen’s driving record which will most likely translate in higher insurance rates. So if a teen gets a 2nd traffic violation before turning 18, instead of just costing about \$150 (fine & court cost), it may end up costing a few thousands of dollars over the next several years (until about age 25) due to increased insurance cost.

Final note:

If you are involved in an “at-fault” minor fender-bender in a parking lot with another vehicle that causes about \$1500 of damage and you have a \$1000 deductible you might want to consider paying for the full damage out-of-pocket. If you turn the claim into your insurance company to pay the difference between your deductible and the total cost, what you saved upfront will most likely be lost with an increase in your future premiums due to turning in an “at-fault” claim.

If you are in a fender-bender as a result of you and another vehicle both backing out at the same time and you both turn a claim the insurance companies, many insurance companies pay what is considered 50-50 coverage. They will pay for half of the cost of repair to your vehicle and half of the cost of repair for the other vehicle. Again, by turning in a claim to the insurance company opposed to taking care of your own damage, most likely both will see an increase in future premiums which in the long run will cost more.