

WHEN IT COMES TO AUTO INSURANCE: KNOW WHAT IS AT STAKE AND CHOOSE THE COVERAGE THAT PROTECTS YOU!

WHAT IS LIABILITY CAR INSURANCE?

Liability coverage pays to repair damage or treat injuries you cause to others in an accident, protecting your assets if you're sued. The two main types of liability car insurance are:

Bodily injury liability covers medical expenses and lost wages for other drivers, passengers and any bystanders or pedestrians injured in a crash you cause.

Property damage liability pays to repair or replace others' vehicles and valuables, as well as damage to their property in an accident you cause. This can include government property, such as lampposts.

HOW MUCH LIABILITY CAR INSURANCE SHOULD I BUY?

Buy enough to cover what's at stake. How much you need depends on the value of your assets, or what your combined savings and property are worth. It's highly dependent on your financial situation. The more you own, the more liability insurance you should have. If you caused an accident and were sued, liability insurance would pay first, protecting your assets from being seized or sold. But it only pays out up to the limits stated in your policy — you're on the hook for the rest.

For example, if you found your net worth to be \$220,000, a good policy might have \$250,000 liability limits or higher. Property damage tends to cost less than injuries in an accident, so focus on the liability for injuries when looking at coverage options. Liability limits are usually shown as three numbers, referring to the most your insurer will pay for an accident you cause.

A common policy structure has 100/300/50 liability limits, which covers up to:

- \$100,000 for injuries per person.
- \$300,000 for injuries total, per accident.
- \$50,000 for property damage per accident.

Remember, your auto policy's liability coverage does not pay to repair your own property or injuries if you cause an accident.

WHAT IS UNDERINSURED MOTORIST COVERAGE?

Since car insurance can be expensive, many drivers only buy the minimum coverage required by state



laws, just enough coverage to drive legally. Nevada and Colorado only require drivers to have \$25,000 in liability coverage. California requires even less coverage - \$15,000. This means many drivers are underinsured. If they cause an accident, their minimum coverage could not be enough to pay medical expenses and lost earnings if you're injured.

Up to 25% of all drivers have no car insurance at all, putting you at even greater risk. Having underinsured motorist coverage will benefit you in this situation. Your costs might not be covered by another driver's policy. But underinsured motorist coverage (UIM) protects you when you're in an accident that's not your fault. As a result, you won't have to worry about paying for out of pocket expenses.

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WHAT IS FULL COVERAGE?

When you add collision, comprehensive and medical payment insurance to your liability policy, it is considered “full coverage”.

Collision: Pays to repair your car after a crash you cause, or pays out your car’s estimated value if it’s totaled.

Comprehensive: Covers theft and damage caused by vandalism or acts of nature (such as a tree limb falling on your car), among other things.

Medical Payments Coverage: Pays for you and your passengers’ medical treatment no matter who causes an accident.

What is Umbrella Coverage?

Think of umbrella insurance — sometimes called excess liability insurance — as a fail-safe for your savings and other assets. You can avoid financial ruin if you accidentally cause major injuries or property damage to others that exceed the liability limits of your car insurance. Because a large lawsuit can wipe out not only your current savings, but also what you stand to earn in the future. Even if you don’t have assets to cover a massive settlement now, you could be stuck paying off the debt for years.



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HOW ARE INSURANCE PREMIUM RATES DETERMINED?

All insurance companies are not created equal. **SHOP AROUND.** Get quotes from several companies before choosing.

Insurance companies assess your annual premium based on many factors such as:

- Age
- Gender
- Where you live
- Marital status
- Make and model of your vehicle
- Your driving record
- Your credit history
- Your annual mileage

