



INFORMATION FOR AUTO OWNERS: CAR INSURANCE

What is the difference between liability and full coverage insurance?

- **LIABILITY COVERAGE** (mandatory in Missouri) - covers losses caused by the insured driver to someone else. It does not cover any damage to the insured person or to his car.
- **FULL COVERAGE**—Covers losses to the driver and his car as well as losses caused by the driver to someone else. More expensive than a liability coverage.

When should one buy a full coverage policy?

- If you are buying a car from a dealership on credit, you are likely to be required to purchase full coverage insurance.
- If you want to protect yourself in case you are involved in a hit-and-run accident (when the driver at fault leaves the scene of the accident) or if you get into the accident with an uninsured driver. Even though liability insurance is mandated by the law, some drivers do not have insurance.

What affects the cost of insurance?

- Your driving experience, new drivers pay more.
- Your driving record. If you had accidents in the past or have points on your record, the cost will increase.
- The geographical area where you live (those who live in cities tend to be charged more than those who live in smaller towns or the countryside).
- The type of vehicle. For example, sport cars and cars that are expensive to fix often have higher premiums.

What information should I have ready before I call an insurance agent?

- Your personal information: name, age, address, driving experience, driving record (auto accidents or traffic tickets in the past).
- Car information: car year, make (e. g. Mazda), model (e.g. Protege), the number of doors, cylinders, etc.

Need tips on getting a better deal on car insurance?

- Your fellow-students or fellow-workers may recommend the insurance companies they use.
- Call several insurance companies and compare the prices offered.
- Ask the insurance agents about discounts they have.
- Keep in mind that most companies have a “good student” discount available: Up to 15% off the premium (with one’s last progress report as a proof of a “good student” status). Also, the families who insure two cars with the same agent get a discount.

GLOSSARY OF AUTO INSURANCE TERMS

PAYMENT TERMS:

PREMIUM - The price one pays the insurance company for a specific type of insurance policy.

PREMIUM OPTIONS (ONE-YEAR, MONTHLY, AND QUARTERLY) - Almost all insurance companies offer several options in making premium payments. Premium may be paid once a year (a yearly premium), once a quarter (a quarterly premium), or each month (a monthly premium). Paying one’s premium on a quarterly or monthly basis raises the cost of insurance at an insignificant amount.

GRACE PERIOD - An additional period of time, usually specified in the policy, that the insurance company allows the insured person to pay the overdue premium before it terminates the policy automatically. Most companies offer a one-month grace period. After one's grace period has expired, one's policy will be cancelled automatically.

GETTING COMPENSATION IN CASE OF AUTO ACCIDENT TERMS:

COVERAGE - Compensation paid by the insurance company to the insured person in case of accident.

DEDUCTIBLE - An amount of money an insured person must pay before the insurance makes a payment. For example, the collision part of a full coverage policy always involves a deductible.

INSURANCE CLAIM - The first step in getting compensation from one's insurance company in case of an auto accident. Immediately after the accident, the insured person should call the agent with details, and the agent will take care of the claim.

CLAIM ADJUSTER - An insurance company representative who is assigned to take care of the claim after the accident is reported.

INFORMATION REQUIRED FOR MAKING AN INSURANCE CLAIM - One's full name, the policy number, an accurate description of the accident including the date, time, place, and conditions under which it occurred, and the nature of the injuries (if any). Also, whenever possible, try to get the name, address and the insurance company of the other driver(s) involved in the accident.

TYPES OF PROTECTION OFFERED BY CAR INSURANCE TERMS:

COLLISION - Major component of full coverage insurance. Pays for the damage to the insured person's car as a result of any kind of collision (with another car, a cement wall), regardless whose fault it was.

COMPREHENSIVE INSURANCE - Additional type of protection offered by full coverage insurance. Covers one's vehicle against losses such as fire, theft, glass breaking, flood, and vandalism. This type of coverage almost always involves deductible.

MEDICAL PAYMENTS INSURANCE - Pays the medical bills, disability, and lost wages—and even the funeral costs—as a result of an auto accident, no matter whom is at fault. It covers the insured person and passengers in his car.

UNINSURED MOTORIST'S COVERAGE - This coverage pays for injuries to you and passengers in your car if you are hit by someone who does not have insurance (or if you are hit by a hit-and-run driver).

BODILY INJURY LIABILITY - Coverage in case the insured person causes incident in which someone else is injured.

PROPERTY DAMAGE LIABILITY - Coverage in case the insured driver causes damage to someone else's property (another car, buildings, lamp posts, etc.).