

Insurance Matters

Auto Insurance Made Easy

(NAPS)—Understanding insurance can often be like trying to learn a foreign language. Many find it confusing and intimidating.

Fortunately, there's help. Here is a quick reference designed to help you understand some of the most common kinds of coverage. The reference was put together by The Progressive Group of Insurance Companies.

Liability covers bodily injury and property damage (BI/PD). This covers your legal liability, up to the dollar limits you select, for damages caused to others in a covered vehicle accident. In most states today, liability insurance is mandatory.

Under BI/PD, your insurance company pays for damages to an injured person and for property damage that you are legally obligated to pay as a result of an accident. If your policy covers you in the event you're sued after an accident, your insurance company will pay for a lawyer to defend you. Liability limits generally appear as three numbers, for example, 25/50/25 or 100/300/100. The first number refers to the maximum amount, in thousands, that your insurance company is obligated to pay for bodily injury per person. The second number is the maximum that would be paid out for bodily injury per claim and the third number represents the maximum amount your insurance company is obligated to pay for property damage you cause.

Collision. When you buy collision coverage, your insurance company pays for damages if your vehicle collides with another vehicle or object. Collision coverage involves a deductible amount you select when you purchase your policy. This amount is what you are required to pay before your insurance company starts picking up the tab. Remember, the deductible amount is the amount you need to pay in the event of a claim.

Comprehensive covers damage caused by events other than a car collision such as fire, theft, vandalism, hail or flood. It also covers damage caused by your vehicle colliding with an animal. And if your car is stolen, it will cover the cost of a rental, subject to a daily limit. Like collision coverage, a deductible usually applies.

Medical Coverage. Depending on the state in which you live, you may have available to you Medical Payments coverage or Personal Injury Protection (PIP) coverage. While these both work differently, they provide coverage for medical care provided to you as a result of a car accident.

An independent insurance agent can help you determine the price, coverage and service that best meets your needs.