

## Do You Know What's In Your Glove Compartment?

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You are sitting at a stoplight, windows down, enjoying the sunny day while listening to your favorite song on the radio and then BAM, you are rear-ended by the driver that was too busy texting to notice that you were stopped. What is the first move you make? You reach into your glove compartment and rummage through your papers for the insurance card that you hope is there. You exchange information with the texting driver and low and behold they do not have insurance. Suddenly you break into a cold sweat and you say to yourself, “what insurance *do* I have?” Why wait until it is too late to know what insurance coverage you have on the 3,000-pound weapon that you are driving? Too many times to count I have asked my clients what insurance coverage they have and I get this blank, panicked stare, followed by “Gee I do not know.” Stop what you are doing and check your coverage. Make sure you have checked all of the boxes below and DO NOT put your key in the ignition until you have.

### ☐ **Liability Coverage – It Is the Law.**

Colorado requires that you carry a minimum of “25/50” (“minimal limits”) bodily injury liability coverage which is coverage that applies when you cause a collision. “25/50” means that your insurance carrier will pay a maximum of \$25,000.00 per person that is injured in a collision that you cause. Your insurance carrier will pay a maximum of \$50,000.00 per occurrence or per collision that you cause. If you cause a collision and injure multiple people, the most your insurance carrier will pay out in a liability claim for that collision is \$50,000.00 and the most any one person in that collision can collect is \$25,000.00. The liability coverage you have on your vehicle pays for the bodily injuries someone may incur from the collision you caused, which includes medical bills, income loss, pain and suffering and permanent impairment.<sup>1</sup>

The next question is how much liability coverage should you have on your policy? Most people unfortunately elect to have minimal liability limits because the premiums are cheaper. The liability coverage is the most expensive piece of a policy. The answer to the above question is another question, how much do you have to lose? If you have minimal limits but you also have that beautiful house, a successful business, lots of “toys”, then you are exposed. If you cause a collision and injure someone else that injured person can not only collect the \$25,000.00 available under your automobile policy but they could go after any assets you have *if* their damages exceed the \$25,000.00 in coverage you have. The safest choice is to have more than enough liability coverage. What you will pay up front with your premiums will far outweigh the potential loss should you cause a collision. There are several choices with liability coverage starting with 25/50, 50/100, 250/500, 300/500, or you can even go so far as to obtain an umbrella policy. Look at your assets and what you have to lose and choose your coverage accordingly. Pay a little more now and you will not have to pay far more later on.

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<sup>1</sup> Liability coverage is separate from property damage liability. Colorado requires that you carry a minimum of \$15,000.00 in coverage to repair the property damages in any collision that you cause.

**□ Uninsured and Underinsured Motorist Coverage – It Is Not the Law But It Is a Crime Not to Have It.**

In Colorado automobile insurance carriers must offer uninsured (UM) and underinsured motorist (UIM) coverage to you but the law does not require you to carry this coverage. Please be warned that you are gambling by not having this coverage and the odds are against you. Adding UM and UIM coverage to your car insurance policy financially protects you against motorists who do not have enough—or any—coverage to pay for the personal injuries they have caused you. Take the rear-end collision example above. If you do not have UM/UIM coverage on your policy and the at-fault driver has no insurance or not enough insurance to make a dent in your medical bills, you are out of luck. Driving for even one second without this coverage is to drive completely exposed. Get the coverage for you and your family.

UM/UIM coverage is a steal. This coverage is not typically as expensive as the liability coverage on your policy and as with the liability coverage, paying for this now will prevent you from paying more later on. The amount of UM/UIM coverage you choose begs the same question as to the amount of liability coverage. You have the same options as with liability coverage (25/50, 50/100, 250/500, 300/500). If you obtain an umbrella coverage, please make sure the umbrella coverage includes both liability coverage *and* UM/UIM coverage as some do not. The safest choice is to image the worst case scenario and get the coverage that would prevent financial ruin should that scenario occur. If you were injured in a collision with someone who did not have automobile insurance coverage and you had massive medical bills, could no longer work and were permanently impaired, would the UM/UIM coverage you have on your policy protect you in this scenario? Your answer should be yes.

**□ Medical Payments Coverage – If You Can Pay For a Starbucks Coffee You Can Pay For This Coverage.**

Much like UM/UIM, Colorado insurers are required to offer you \$5,000.00 in medical payments (“med pay”) coverage. You must opt out or the coverage and premium will automatically be added—whether you are buying a new policy or renewing one. You can choose not to buy med pay or purchase a different amount but you must specifically reject this coverage otherwise your insurance company must provide you \$5,000.00 in coverage.

Med pay covers your medical expenses stemming from a collision. For those that do not have health insurance, med pay can help to prevent paying out of pocket for your medical bills. Med pay can also work in conjunction with your health insurance. If you are not at fault in a collision and obtain a personal injury settlement from the at-fault party, you will have to reimburse your health insurance company for any treatment they provide as it relates to your injuries from the collision. Any med pay that you use to pay for treatment you do *not* have to reimburse your automobile insurance carrier. In addition, med pay is available regardless of fault and is available to anyone in your vehicle at the time of the collision. Med pay is by far the most bang for your buck. The cost of adding med pay to your policy is minimal. Simply said, everyone can afford med pay.

□ **Bottom Line - Check Your Glove Compartment.**

Drive safely and be reassured that when others do not, you are protected. While you are checking your coverage, free to add rental car coverage, if the walls of your parking garage tend to jump out at you or hail storms are the norm, add comprehensive and collision coverage. If you do not have time to check your coverage, we will. We are always happy to review your policy and provide guidance as to what coverage you may be missing. Know what you have and make safe choices in your coverage. You will not regret it.