

ACTION PLAN TO PROTECT YOURSELF WITH PROPER AUTOMOBILE INSURANCE

The goal with this article is to give the consumer an action plan to avoid being victimized twice in an injury-causing accident (by the accident and later dealing with insurance) and to share the importance of having the correct and sufficient automobile coverage under an insurance policy. There are many ways to resurrect a personal injury claim that has been damaged as a result of improper action taken after the injury causing accident. Although I can salvage many of the claims where the injured victim has done something to impact the claim's value (giving a statement to an insurance company, providing a blank medical authorization etc.), what I cannot do is create a monetary source for compensation and therefore that is why it is so important that consumers protect themselves by having appropriate and sufficient insurance coverage, as detailed below.

THE AUTOMOBILE POLICY

1. Adequate bodily injury and property damage limits. There are many reasons why everyone who drives a car in California should have sufficient liability coverage for any damage they do to someone else's property or the physical harms that they cause to someone else that involves bodily injury. Keep in mind that 50% of the time that a passenger is hurt in an automobile collision; the collision was caused by the driver of his or her vehicle. Although when most people purchase insurance they want to make sure that they protect themselves against being sued for their assets, in light of that 50% statistic, if you are looking to protect your family and friends who drive in a vehicle with you and maintain a good relationship with them if the unfortunate does happen and you cause a collision where they are injured, it is a good thing to have sufficient coverage to compensate them for their injuries which allows the relationship to be maintained.

No one ever thinks about being sued by a friend or a family member. However, if that friend or family member has sustained serious injuries and your insurance company does what it typically does to anyone injured in a collision (which is lowball an offer and delay the claim) then your family member or friend will have no choice but to file a lawsuit to keep your insurance company honest in regards to the handling of their claim. Nothing is worse for a relationship then causing injury to a friend or a family member and not having adequate liability coverage to compensate them for their injuries. Insurance companies love to pit family members and friends against each other in the personal-injury claims process because people take it as a personal insult that someone is suing them when in reality it is just business because that's exactly the attitude that the insurance company has.

I personally have very significant coverage under my auto policy. If I caused a family member or friend injuries as a result of my negligent actions, I would want my family member or friend to make a claim against my policy as that is the reason why I purchased insurance coverage. Since the insurance companies obligate most injured victims of accidents to file lawsuits to get fairly compensated, the public has to get over the concept of somehow is a personal affront for a family member or friend to file a lawsuit to make sure that the insurance company fairly compensates them for the injuries that they sustained. It is unfortunate that even smart people do not think logically when it comes to personal injury claims as a result of all of the negative propaganda that the insurance industry and Chamber of Commerce put out in the public forms on a daily basis.

In regards to the amount of coverage that individual should have under the bodily injury liability and property damage liability feature of their auto policy, a good rule of thumb is to have two times the amount of assets that you control. In other words if you have \$100,000 in equity in your home, and you have \$50,000 in savings and you have another \$50,000 in personal property consisting of automobiles, jewelry etc. for a total of \$200,000 in assets, you should have at least \$400,000 in bodily injury liability coverage. As to automobile liability coverage you should have at least 25% in property damage coverage as you do in bodily injury coverage. Accordingly, if you have \$400,000 in bodily injury coverage, you should have \$100,000 in property damage coverage.

The tendency is always to go cheap on the property damage coverage, but if you think about it doesn't take much of a much of an impact to cause a total loss to a \$75,000 Mercedes. If there are other vehicles involved than you need to tack on to that \$75,000 the damage to the other vehicles as well.

The good news is as a result of the passage of Proposition 103 passed back in 1988, consumers in the state of California have experienced only a 1% on average increase in car insurance premiums on a yearly basis since 1988. Compared to other states, automobile insurance in the state of California is dirt-cheap. For most people with a good driving record, \$100,000 liability bodily injury coverage along with \$50,000 property damage coverage should cost no more than \$750 per year if we are looking at 2012 insurance premium rates.

The key to buying insurance coverage that protects you from your assets being pursued at the same time protects all the people that you drive with, including your family and friends, is to vigorously shop insurance rates but do not go cheap on the coverage that you purchase. That is how you protect yourself and how you protect your friends and your family.

2. Adequate Uninsured/Underinsured Motorist bodily injury coverage. UUBI bodily injury coverage is inexpensive coverage to purchase. If there was one type of coverage that the insurance industry does a horrible job in explaining to their customers it is in the area of UUBI coverage. As I keep saying (almost to the point of being a broken record), in light of the fact that 60% of the public drives with either no coverage or

minimal coverage, your odds are greater than one out of two of being seriously injured in an automobile collision by someone who either has no coverage or insufficient coverage to compensate you for the injuries that you or anyone else in your vehicle have sustained. The beauty about UUBI bodily motorist coverage is that not only does it protect anybody in your vehicle who is injured by an uninsured or underinsured driver, it protects anyone who lives in your household regardless of whose car they were in at the time that they were injured by an uninsured or underinsured driver. Moreover, the coverage also applies if an uninsured or underinsured driver injures you or a family member living in your household while you are a pedestrian or riding a bicycle.

UUBI coverage is so important that it is the only coverage that the insurance company must have you sign a waiver in order to delete that coverage from your policy. **In fact, the law says that if you sign a waiver deleting that coverage and are involved in an accident with an uninsured or underinsured driver and your insurance company cannot produce the written waiver, your insurance company must provide you coverage even though you sign the document that said that you did not want that coverage.** That should tell you everything you need to know as to how important having UUBI coverage under your policy is for your family and friends and for yourself here in the state of California.

The most common question I get from my clients if a claim is made under their policy against the UUBI feature of the policy, is whether their insurance rates will be raised or whether they will be canceled by their insurance company for making such a claim. The answer to that question is once again found under proposition 103, that glorious piece of consumer legislation that continues to give the insurance industry fits and continues to put money in the pockets of California consumers. One of the main tenets of proposition 103, and why the insurance industry spent over \$100 million attempting to defeat its passage, is that not only can insurance companies not increase rates as a result of a claim made against your own insurance policy for an accident that is not your fault but they but that they have no ability to cancel that policy as well.

Prior to the passage of proposition 103 insurance companies could increase rates and cancel policies for whatever reason they wanted to. After the passage of proposition 103 the only way that an insurance company can now raise its rates on an individual policyholder is if the policyholder becomes a greater risk by being involved in multiple active fault accidents or by being ticketed on multiple occasions for a violation of the vehicle code. The only other way that the premiums for an individual policy holder can be increased is if the insurance company requests a rate increase from the state Department of insurance for all of the drivers who have the same at-fault accident/ticket count that you may have as a result of your own specific driving record. If you have no accidents or tickets then your rate must be the exact same as everyone else who is insured by your insurance company who also has no accidents or tickets.

As a result of the passage of proposition 103, consumers can have no fear of their rates being increased or their policy being canceled as a result of making a claim against their own policy for an accident that is not their fault. If the insurance company attempts to

either increase the rates or cancel the policy, in contradiction to Proposition 103, not only can they lose their license to sell automobile insurance in the State of California but they will be fined up to \$250,000 per incident in attempting to violate the law put in place by Proposition 103.

As I stated previously, UUBI motorist bodily injury coverage is very inexpensive coverage. In fact, it is much more inexpensive than bodily injury and property damage liability coverage. A typical California consumer with an average driving record should be able to obtain \$100,000/\$300,000 (\$100,000 is the most they are obligated to pay to one person and \$300,000 is the most they will pay to all of the people injured in the automobile) in UUBI coverage for approximately \$200 per year or about \$17 per month. In light of that low-cost, there is no excuse for most people not to have sufficient UUBI coverage. Most attorneys who handle personal injury claims purchase as much coverage as they can in regards to UUBI coverage since it is the best deal that is being offered in all of the insurance industry.

Unfortunately, there are many claims that cross my desk where not only does the defendant have no coverage or insufficient coverage, but also where my client has either minimal UUBI coverage or no such coverage. It is always a very sad conversation that I have to have with my client to inform them that despite the serious nature of their injuries, the chances of getting them any compensation for all of their pain and suffering, the reimbursement for the medical bills and any reimbursement for lost earnings is typically nonexistent when the other party has no insurance or very little insurance and my client has either no UUBI motorist bodily injury coverage or minimal coverage under that feature of the policy.

3. Adequate Collision or Comprehensive coverage. You should always purchase Collision and Comprehensive coverage if you cannot afford to buy another car in the event the car is damaged, destroyed or stolen. On older vehicles the coverage is usually fairly inexpensive. The way you can save premium dollars is by having a higher deductible. It would be the unusual case where I would not advise my client not to have either of these types of coverage. More often than not, when I am handling a personal injury claim it becomes a tremendous burden for my client when they don't have Collision coverage. The reason is that many times it is unknown whether the other person has coverage to cover the property damage because the police departments can drag their feet in issuing the police reports. In the meantime, the client is without transportation at a critical time when they need to make doctor appointments etc. Furthermore, even if the police report has been issued, being dependent upon the responsible party's insurance company to handle the property damage claim is a little like hoping Santa Clause will come early. It usually does not happen and in the meantime, once again, the client is without transportation and is at the mercy of the other insurance company, which could care less about the transportation needs of someone who is not there insured. The bottom line is that Collision and Comprehensive coverage should be purchased most of the time unless the vehicle is worth \$1,000 or less.

4. Rental car reimbursement coverage. This coverage comes in very handy when your vehicle has sustained significant damage and it is going to be out of commission for 2 weeks or more. It is fairly inexpensive coverage (less than \$5 per month). Having it allows you to get on with your life while your car is being repaired. Under California law, the responsible party for an accident is obligated to reimburse you back for rental car charges but they usually will not pre-pay for the rental car. In other words, if you don't have the means to pay for the rental car, they won't pay up front, which will leave you with no transportation. For \$5 per month, it is coverage worth having since it will pay for a rental car usually up to 30 days regardless of whether the accident was your fault or the other party's fault.

5. Adequate Uninsured Motorist Property Damage coverage (UUPD). Not having UUPD is not a fatal mistake just because the coverage is so limited. Since it only pays up to \$3,500 for the value of your car if you have no collision coverage and only covers your deductible if you do have collision coverage, rarely, if ever is it a deal breaker if you don't purchase this coverage. This one of the few areas of coverage where it is completely within your discretion to purchase with no truly harmful effects if you don't.

6. Adequate Medical Payments coverage. If you don't have health insurance coverage, this is MUST coverage, as it will pay for your medical bills regardless of who was at fault for the accident. Since it is also fairly inexpensive coverage (\$5 per month for every \$5,000 of coverage), if you have no health insurance I would purchase at least \$20,000 in coverage. If you do have health insurance, I would purchase at least \$5,000 in coverage as it will give you some flexibility with the choice of a doctor since most health insurance policies limit you to who you can and cannot go see. It is not restrictive coverage, which allows you to go see almost any doctor you want to go see.

If the steps above are taken, you can be rest assured that under most circumstances you have adequately protected yourself and your loved ones from not only having personal liability for causing harm to another, but just as importantly, protecting yourself and your loved ones from being injured without having any financial recourse for those injuries.

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