

# Saving Money on Your Insurance

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## *Do You Need Uninsured Motorist Coverage?*

**A** DECISION that all drivers must make when buying car insurance for the first time or when changing companies is: Do I need uninsured/underinsured motorist (UM/UIM) coverage?

The choice should be based on a close examination of the type of coverage you may already have and the kind of coverage you may want.

UM/UIM pays your losses from an accident caused by a hit-and-run driver or an uninsured motorist, up to your coverage limits. It also pays if an at-fault driver's insurance isn't enough to cover all your expenses. Texas law requires insurance companies to offer UM/UIM coverage and to get your rejection in writing if you decline the offer.

UM/UIM covers you, your family members, passengers in your car and anybody driving your car with your permission. The coverage has two components:

- Property damage, which pays for auto repairs, a total loss, a rental car and damage to personal items carried in your car. There is an automatic \$250 deductible, the amount you pay from your own pocket.
- Bodily injury, which pays without deductibles for medical bills, funeral expenses, lost wages, pain and suffering, disfigurement and permanent or partial disability.

For UM/UIM to pay, it must be established that the other driver was at fault. Your company assumes the role of the other driver's auto liability insurer and can refuse to pay if it establishes the other driver was not at fault. If the accident was hit-and-run, you can collect on your UM/UIM coverage only if you promptly report the accident to the police.

Because UM/UIM coverage may overlap other coverages you already have, you will need to decide whether UM/UIM is worth the additional expense. If you and your family have health care coverage, it will pay medical and hospital bills after an accident with an uninsured driver. However, your health care coverage would not be available to a non-family member riding in or driving your car.

Some drivers carry medical payments insurance and/or personal injury protection (PIP), which pay medical and funeral expenses arising from auto accidents. You can't collect from both your medical payments insurance or PIP and your UM/UIM coverage for the same medical expense. Medical payments and PIP coverage amounts usually are less than those of UM/UIM.

Like UM/UIM property damage coverage, your collision insurance will pay for damage caused by an uninsured driver. There are, however, a few differences. UM/UIM coverage pays for damage to personal items carried in your car while collision insurance does not. Your collision deductible may be higher than the \$250 deductible built in to your UM/UIM coverage. Finally, UM/UIM insurance—like liability insurance—pays if you need a rental car while your car undergoes repairs. Collision insurance does not include coverage for a rental car.

To learn more about car insurance, call the Texas Department of Insurance at

**1-800-599-7467** (SHOP)

for a free copy of our consumer publication, *Automobile Insurance Made Easy*. The publication also is accessible on our Web site, [www.tdi.state.tx.us](http://www.tdi.state.tx.us). ★

### **Editors:**

- If you need further information, call: **Texas Department of Insurance Public Information Office (512) 463-6425**

*We welcome your questions and suggestions about this column.*