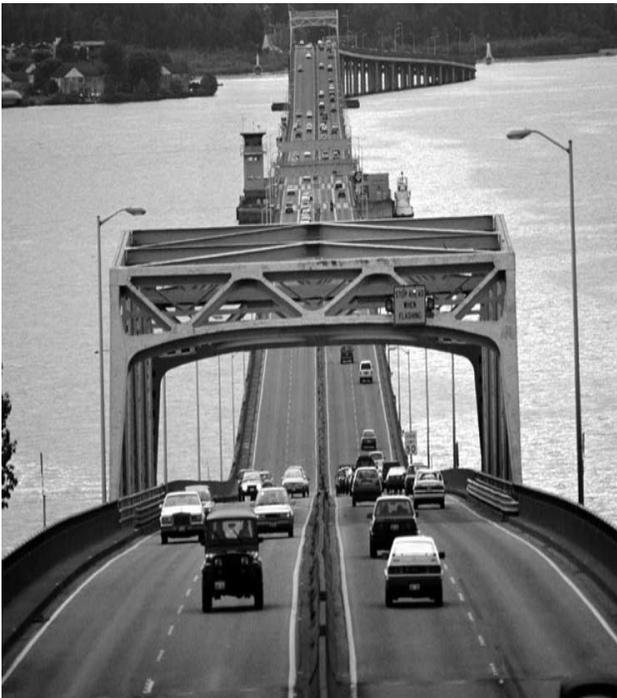


CONSUMER GUIDE TO

# Auto Insurance



OREGON INSURANCE DIVISION

# About the Oregon Insurance Division

The mission of the Insurance Division is to administer the Insurance Code for the protection of the insurance-buying public while supporting a positive business climate.

We ensure the financial soundness of insurers, the availability and affordability of insurance, and the fair treatment of consumers by doing the following:

- Licensing insurance companies and monitoring their solvency
- Reviewing insurance products and premium rates for compliance
- Licensing insurance producers (agents) and consultants
- Resolving consumer complaints
- Investigating and penalizing companies and producers (agents) for violations of insurance law
- Monitoring the marketplace conduct of insurers and producers (agents)
- Educating the public about insurance issues
- Advocating reforms that protect the insurance-buying public

## Call us for help

### ■ Consumer Advocacy Unit — 503-947-7984 or 888-877-4894 (toll-free)

You have the right to seek assistance from the Insurance Division at any time by filing a formal complaint against an insurance company or producer (agent). A copy of the complaint is sent to the insurance company. A response from the insurance company or producer (agent) must be received at the Insurance Division within 21 days. A consumer advocate will determine what further actions, if any, will be taken. The Insurance Division will forward a copy of the insurance company's response to you. If a law has been broken, the matter may be referred to the Insurance Division's Investigations Unit.

### ■ Financial Regulation Section — 503-947-7982

To find out if a company is authorized to sell insurance in Oregon, call our Financial Regulation Section or visit our Web site, [insurance.oregon.gov](http://insurance.oregon.gov), and click on "Information for Insurance Companies."

### ■ Producer (Agent) Licensing Unit — 503-947-7981

To find out if your insurance producer (agent) is licensed to do business in Oregon, call our Producer Licensing Unit or visit our Web site, [insurance.oregon.gov](http://insurance.oregon.gov), and click on "Information for Insurance Companies," then "Insurance Producer Search Page."

## Visit our Web site

The Oregon Insurance Division's Web site includes all of our publications as well as other useful information for consumers. You can file a complaint against an insurance company or producer (agent), check to see if an insurer is authorized to do business in Oregon, and find out if your insurance producer (agent) is licensed in Oregon. Our Web address: [insurance.oregon.gov](http://insurance.oregon.gov).



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# Table of contents

<b>Choosing an insurer</b> .....	2
<b>Auto insurance basics</b> .....	2-4
Underwriting standards .....	2
Credit scoring .....	2
Rating categories .....	3
Types of coverage .....	3
Extra liability coverage .....	4
Your right to be treated fairly .....	4
What to do if you can't get coverage .....	4
A safety net for consumers .....	4
<b>Oregon requirements</b> .....	5
Required coverages .....	5
Proof of insurance .....	5
<b>Filing a claim</b> .....	6
<b>Dealing with total-loss claims</b> .....	7
<b>Saving money on auto insurance</b> .....	8
<b>Auto insurance questions &amp; answers</b> .....	9-10
<b>Glossary</b> .....	11
<b>Insurance publications</b> .....	12

# Choosing an insurer

Auto insurance helps protect you and your family from losses resulting from motor vehicle accidents. Oregon law requires every car to be covered by automobile insurance.

The cost for coverage varies widely among companies doing business in Oregon. That's why it's important to shop around when choosing an insurance company.

This booklet can help you make an informed decision. It includes information about what kinds of coverage are required, how to shop for insurance, and tips to hold down your costs.

Comparison shopping takes a little more time, but it can save you money!

However, cost is just one factor to consider when choosing an insurance company. It's also important to look at the company's financial condition and how it treats its policyholders.

A company's financial information is available from the following organizations that rate insurance companies. The organizations may charge a fee for these services.

## ■ A.M. Best Company

908-439-2200  
www.ambest.com

## ■ Fitch, Inc.

800-893-4824  
www.fitchratings.com

## ■ Moody's Investor Services

212-553-0377  
www.moodys.com

## ■ Standard & Poor's Rating Information Services

212-438-2400  
www.standardandpoors.com

## ■ TheStreet.com Ratings, Inc.

800-289-9222  
www.weissratings.com

One source of information about how companies treat their policyholders is the *Consumer Guide to Oregon Insurance Complaints*, which annually ranks insurers from best to worst based on the number of consumer complaints received by the Insurance Division. To request a copy, call 503-947-7984 or 888-877-4894 (toll-free). The guide is also on our Web site, [insurance.oregon.gov](http://insurance.oregon.gov); click on publications.

# Auto insurance basics

## Underwriting standards

Underwriting standards are rules insurance companies use to decide whether to insure you. A company may reject your application for coverage if your circumstances do not meet the company's underwriting standards or risk factors. Drivers with the lowest risk factors are least likely to have a claim, so they receive the lowest rates for insurance.

Insurance companies typically review the following when deciding whether to insure you:

- driving record
- car make and model
- prior insurance coverage
- consumer credit history

## Credit scoring

Many insurance companies look at a consumer's credit history to decide whether to issue or renew an auto or home insurance policy or how much to charge. This practice is known as credit scoring or insurance scoring.

Insurance scoring has been controversial, and a number of states, including Oregon, have placed limits on its use. In Oregon, insurers can't use a policyholder's credit information to raise premiums. Also, the law prohibits insurers from canceling or refusing to renew existing policies because of credit history problems.

Insurers can use credit information when deciding whether to issue a new policy, but only if they can

# Auto insurance basics

document that it helps them predict future claim costs and price their products fairly. At the same time, they must demonstrate that credit information is used as part of an evaluation system that also relies on other relevant factors.

Oregon insurers and producers (agents) must tell consumers how the company uses credit information *before* running credit checks. If a company uses credit information to prescreen applicants, the company must notify you of this before running a credit check.

If an insurer uses credit information to make an “adverse” decision, such as not to offer the best rate or not to offer a policy, the insurer must give you specific reasons for the adverse action. You have a right to a free copy of your credit report from the credit bureau. If you find an error in your credit report and arrange with the credit bureau to correct it, you can ask the insurer to reconsider.

Credit information is available from three credit bureaus:

■ **Equifax** —

[www.credit.equifax.com](http://www.credit.equifax.com) or 800-685-1111

■ **Experian** —

[www.experian.com](http://www.experian.com) or 888-397-3742

■ **Trans Union** —

[www.transunion.com](http://www.transunion.com) or 800-888-4213

If there are mistakes, ask the credit bureau to correct the information.

## Rating categories

If you are approved for coverage, the insurance company will place you in one of three basic categories of drivers: preferred, standard, or nonstandard.

**Preferred:** This category is for drivers considered the best risks, which usually means the safest drivers. Preferred drivers have maintained clean driving records for the past three years and pay the lowest rates.

**Standard:** This category is for drivers considered moderate risks. Rates for standard drivers are higher than those for preferred drivers. People in this category usually drive “family” cars and have reasonably clean driving records.

**Nonstandard:** This category is for drivers considered high risk. They pay the highest rates for insurance. This category may include drivers under 25, drivers with little experience, drivers with histories

of tickets or accidents, drivers with poor premium-payment records, and drivers with convictions for driving recklessly or under the influence of alcohol or other drugs.

## Types of coverage

When you purchase an auto insurance policy, you’re really buying several types of coverage. There are seven basic types of coverage:

- **Bodily injury liability** coverage pays for damages other people incur if you or someone you allow to drive your car causes an auto accident. Examples of damages include medical expenses, rehabilitation, funeral costs, settlement of lawsuits, and legal expenses.
- **Property damage liability** coverage pays for damage to other people’s property if you or someone you let drive your car causes an auto accident. It usually pays for repair or actual cash value (ACV) of others’ property and your legal expenses.
- **Personal injury protection (PIP)** coverage pays for medical, rehabilitation, funeral, and child-care expenses as well as for loss of earnings and in-home assistance if you and your passengers are injured in an accident, regardless of who is at fault.
- **Uninsured and underinsured motorist bodily injury** coverage pays medical, rehabilitation, and funeral expenses, loss of earnings, and other damages if you or your family are involved in a vehicle, bicycle, or pedestrian accident caused by an uninsured or underinsured motorist or a hit-and-run driver.
- **Uninsured motorist property** damage coverage pays for damage to your auto caused by an uninsured driver. This optional coverage generally duplicates your collision coverage, but may be a good buy if you have a high deductible on your collision coverage or don’t have collision coverage.
- **Collision** coverage pays for repairing your vehicle in a collision or rollover.
- **Comprehensive** coverage pays for damage to your vehicle resulting from theft, vandalism, windstorms, fire, hail, etc.

# Auto insurance basics

## Extra liability coverage

You can buy a separate personal umbrella policy to provide extra liability protection if you are sued. An umbrella policy benefit will start paying when your other policy's liability limits are exhausted. For example, let's say you lose control of your car and cause an accident that kills one person, seriously injures four others, and damages seven vehicles and one residence. The liability damages sustained in this accident are likely to exhaust the limits of your auto policy. A personal umbrella policy provides additional liability protection.

## Your right to be treated fairly

An insurance company cannot deny, refuse to renew, limit, or charge more for coverage because of your race, color, religion, or national origin.

A company also cannot deny, refuse to renew, limit, or charge more for coverage because of your age, gender, marital status, domestic partnership status, disability, or partial disability unless the refusal, limitation, or higher rate is "based on sound underwriting or actuarial principles."

In addition, a company cannot unfairly discriminate between individuals of the same (rate) class and essentially the same hazard (risk) in its rates, policy terms, benefits, or in any other manner unless the refusal, limitation, or higher rate is "based on sound actuarial principles."

## What to do if you can't get coverage

If you are an individual or company having difficulty buying automobile liability insurance, you may qualify for coverage under the assigned risk pool through the Automobile Insurance Plan of Oregon.

Additional information or assistance can be obtained by contacting your insurance producer (agent) or broker. They should be able to arrange coverage through the Western Association Automobile Insurance Plans, P.O. Box 7917, San Francisco, CA 97104, 800-227-4659.

## A safety net for consumers

Most states, including Oregon, have a safety net to protect insurance consumers from financial loss if an insurance company becomes insolvent and is unable to pay claims. Oregon's safety net is called the Oregon Insurance Guaranty Association. The association was established by state law and is generally composed of licensed insurance companies doing business in the state. It pays covered claims of Oregon policyholders and other claimants up to \$300,000 if an Oregon-licensed insurance company becomes insolvent. Claims are paid according to the terms of the original insurance policy, and the association won't pay any claim the insurance company would not have paid.



# Oregon requirements

## Required coverages

Oregon law requires every vehicle to be covered by auto insurance. Nevertheless, millions of dollars in damage is caused each year by uninsured drivers. This includes damage to vehicles and medical care for those injured in accidents.

Oregon's mandatory-insurance law requires that drivers have at least these minimum coverages:

- **Bodily injury (BI) liability**  
\$25,000 per person, \$50,000 per accident for bodily injury to others.
- **Property damage (PD) liability**  
\$10,000 per accident for damage to the property of others.
- **Personal injury protection (PIP)**  
PIP is Oregon's version of no-fault insurance. It allows you and your passengers, regardless of who caused an accident, to have insurance coverage for "reasonable and necessary" medical, dental, hospital, surgical, ambulance, and prosthetic services incurred within one year after the date of an injury up to a maximum of \$15,000.

In Oregon, minimum PIP benefits include limited coverage for loss of earnings, funeral expenses, essential services, and child care.

**Medical services:** Treatment is considered reasonable and necessary unless a provider receives a denial notice within 60 calendar days of claim notice. After that, the burden of proving that treatment was not reasonable and necessary is on the insurance company.

**Loss of earnings:** This benefit is available if your injury prevents you from returning to work. It begins on the 14th day of your disability. You receive up to 70 percent of wages up to a maximum benefit of \$1,250 a month for 52 weeks.

**Essential services:** If you are not employed, you are entitled to reimbursement of reasonably incurred expenses for the essential services that you would normally perform. You will receive up to \$30 a day for up to 52 weeks. This benefit begins on the 14th day of disability.

**Funeral expenses:** You will be paid for reasonable and necessary funeral expenses within one year of the date of injury up to a maximum benefit of \$5,000.

Oregon law and your insurance policy allow PIP benefit disputes to be resolved by arbitration as long as both parties agree at the time of the dispute.

Know your PIP limit. Review this coverage carefully and consider raising your limit.

- **Uninsured motorist bodily injury (UMBI) and underinsured motorist (UIM) coverage**  
\$25,000 per person, \$50,000 per accident for bodily injury to you and your passengers caused by an uninsured or underinsured driver.

UMBI and UIM coverage require your insurance company to pay all expenses that would normally be paid by the other person's company if you are hurt by an uninsured or underinsured motorist.

Consider increasing this coverage on your policy, because an uninsured or underinsured motorist probably cannot compensate you for your losses.

**Remember, these are the minimum coverages required by Oregon law, not levels of coverage recommended by the Insurance Division.**

## Proof of insurance

Oregon law requires drivers to carry proof of liability insurance. The law also requires your insurance company to send you an insurance card that shows the effective date and expiration date of your policy. Keep this card in your vehicle at all times.

Driving without liability insurance could result in fines, suspension of driving privileges, and impounding of your vehicle.

If a judge convicts you of driving uninsured, you will have to file proof of financial responsibility with the Driver and Motor Vehicle Services (DMV) for three years or face suspension of your license. This is in addition to any fines you must pay.

# Filing a claim

## Step 1: Understand your policy

Before you have a loss, sit down and carefully read your insurance policy. If you have any questions about what is or is not covered, call your producer (agent) or company.

## Step 2: Exchange information

If you are involved in an accident, get the other driver's name, address, phone number, insurance carrier, and insurer's phone number. Be prepared to give the same information about yourself to the other driver. You can find insurers' telephone numbers on proof-of-insurance cards.

## Step 3: Identify witnesses

Ask witnesses to the accident for their names and phone numbers in case their account of the accident is needed.

## Step 4: File an accident report

If the accident causes any injury or death, or more than \$1,500 damage to your vehicle or any property, or more than \$1,500 damage to any vehicle and a vehicle is towed from the accident, Oregon law requires you to file an Oregon Accident and Insurance Report directly with DMV within 72 hours (three days). Accident report forms and detailed instructions are available at police departments, sheriff offices, DMV field offices, and on DMV's Web site <http://www.oregon.gov/ODOT/DMV/driverid/accidentresp.shtml>.

## Step 5: Notify your insurer

Contact your insurance company about the accident as soon as possible. An insurance adjuster will determine who caused the accident. If the accident wasn't your fault, you can have either your insurance company or the at-fault driver's insurance company handle the repair or replacement of your

vehicle. If you use the other driver's company, you won't have a claim on your automobile policy and you won't have to pay a deductible.

## Step 6: Don't release insurers too early

Don't relieve your insurance company of its responsibility until the damages are settled to your satisfaction. For example, revert to your insurance coverage if the other party's insurance company questions its policyholder's negligence or offers an unacceptable settlement.

## Step 7: Consider these settlement factors

- **Bodily injuries:** You may be entitled to a monetary settlement for injuries caused by another liable party. It can take several days for some injuries to become apparent.
- **Damages:** The insurance company is responsible to pay for the reasonable cost of repairs to your vehicle. An insurance adjuster will assess the damage. Usually, insurance companies and auto body shops negotiate disagreements about what should be repaired. If you disagree with their conclusions, you have the right to obtain another estimate at any auto body shop.
- **Appraisal clause:** Most auto insurance policies include an appraisal clause, which can be used to help settle disputes about physical damage claims between you and your insurance company. (The appraisal clause doesn't apply for claims you file with the other party's insurance company.) If you can't reach an agreement with your company, you or your insurer can initiate the appraisal clause. Your appraiser and your insurer's appraiser then select an independent umpire to try to resolve the dispute. Check your policy or ask your producer (agent) or insurance company for more information about the appraisal clause.

# Dealing with total-loss claims

Insurers can declare a vehicle is a total loss when they don't feel it is economically feasible to restore a vehicle to its original condition. An insurance company may provide reimbursement for a vehicle that is a total loss by offering a comparable vehicle in your local area or by paying a cash settlement based on your vehicle's fair market value. There are various acceptable methods insurers can use in determining the value of your car. They also must tell you how they determined the value if you request this information.

Here are some tips for dealing with total-loss claims:

1. You may file a total-loss claim with your own insurance company or the insurance company of the other person involved in the crash. The insurance company of the other person has the right to investigate the accident facts and accept or deny responsibility for damages to your vehicle.
2. The insurer will prepare a valuation of your vehicle and will then make an offer to you. You should have an idea of what your vehicle is worth. If you feel the value is not what you believe to be the correct value, you must prove a higher value.
3. Request a copy of the valuation and go over it carefully. Correct any information that needs to be fixed, advise the insurance company of the correction, and have the company run another valuation.
4. Check your local newspaper for private-party vehicle sales and dealership sales of comparable vehicles. Also check the Internet (e.g., Edmunds, Auto Trader).
5. If you filed with your own insurer and you do not agree with the value it is offering, you can ask for the appraisal process (See appraisal clause on Page 6).
6. You can ask to be paid the undisputed amount (the amount the insurance company offered) and advise the insurer you are continuing your search for comparable vehicles.
7. If you want to keep your vehicle and have it repaired, know that the company is only responsible for the cost to repair or replace, whichever is less. You can ask to keep the salvage and if the company agrees, it will send you the check minus the salvage value of the vehicle.
8. If you need a rental car, what the insurer owes you for the rental depends on the circumstances. If you have rental car coverage under your policy, your insurer owes you the policy coverage (based on the policy language). The other party's insurer only owes for the reasonable length of time to complete the repairs to the damaged vehicle. This reasonable time does not necessarily include the time it takes an insurer to complete the investigation.
9. The insurer usually pays storage fees at the body shop up to the day it makes the offer to you. If you do not accept the offer at that time, you may be responsible for future storage fees. The insurance company might also ask you to move your vehicle prior to settling the claim in order to reduce or avoid storage charges. If you do not agree to move the vehicle, you may be responsible for those additional storage charges.

# Saving money on auto insurance

## Before you buy

Talk with your producer (agent) or insurance company about insurance costs before you buy a car. Certain makes and models, especially sports cars, are higher risks for insurance companies and cost more to insure.

## Comparison shopping

Ask several companies for quotes. By shopping around, you may find several hundred dollars' difference between quotes. Be sure to compare identical coverages when comparing policies.

## Coverages

Drop collision coverage on cars that cost more to repair than they are worth. For example, consider carrying only liability coverage for cars valued at less than \$1,000.

Increase your deductible. Take the highest deductible you can afford on collision and comprehensive coverage.

## Discounts

You can save money on auto insurance by taking advantage of discounts. Ask your producer (agent) or company if you qualify for discounts for any of the following:

- You insure two or more cars on a policy.
- Your auto and home insurance are on the same policy or with the same company.
- Your child is under 25 and has good grades in school.
- Your child has completed a driver-education course.
- You've completed a defensive-driving course.
- You're a mature driver between 50 and 65.
- Your vehicle has air bags, an anti-lock braking system, other safety equipment, or anti-theft devices.
- You're a low-mileage driver.
- You're in a carpool.
- You haven't gotten any traffic tickets in three years.
- You haven't been in any accidents in three years.
- You have a favorable credit history.

## Driving record

- Maintain a good driving record. Your premiums are directly related to your driving record.
- Under Oregon law, an insurance company can use only the last three years of your driving record when deciding whether to issue or renew a policy or determining your premium. If you've had an accident or a violation, and your rates have gone up or your policy has been assigned to a nonstandard insurer, talk with your insurance producer (agent) or company. If it's been more than three years since your accident or violation, you may qualify for a lower rate. If not, consider changing companies.
- Take a defensive-driving course.

## Older drivers

Drivers 55 and older must be given a discount if they complete a state-certified safe driving course.

## Parents of teenagers

If your teenagers don't own cars, make sure your insurer understands which cars they are going to be driving and whether it will be occasional or principal use. If they do own cars, consider covering them under your policy. Otherwise, they'll probably have to pay higher premiums.

Check into discounts such as those listed on this page. If your young driver goes to school more than 100 miles away — without a car — you may qualify for another discount.

## Paying premiums

You can save on service charges by paying premiums in full rather than on a quarterly or month-to-month basis.

## Reviewing your policy

Review your policy periodically and update coverage accordingly.

Notify your producer (agent) immediately if you move, substantially reduce your annual mileage, sell your car, change your marital status, or change the number of drivers in your household.

## Young singles on their own

Avoid performance or "turbo cars." A turbo engine can add more than 10 percent to your premium.

# Auto insurance questions & answers

**Q:** Why does my insurance cost more than my producer (agent) said it would?

**A:** This is called a misquote. Determining your premium depends on many factors, including where you live, the kind of car you drive, how much you drive, how much coverage you want, your driving record, and your age.

If an error is made in reporting any of these facts, your rates won't be quoted correctly. Misquotes can also happen if your producer (agent) makes a mistake in applying the company's rating system. Auto insurance misquotes can happen when your application information differs from your actual driving record.

Companies ask states' motor-vehicle divisions to verify the records of drivers they insure.

If you told your insurance producer (agent) you have a perfect driving record, and you don't, your insurance company will charge higher premiums than your producer (agent) quotes.

To avoid misquotes, provide accurate information about your driving record and any other facts affecting the cost of insurance, such as the make of your car or how far you commute to work. **Verify all information before signing the application.**

**Q:** How does my driving record affect my insurance premium?

**A:** The premium you pay is a direct reflection of your driving record for the past three years. Insurance companies order driving records from the Oregon DMV and from other states where you've been licensed. Statistics show that drivers with tickets and accidents are more likely to have accidents than drivers with clean records.

**Q:** Why is it harder to get insurance if drivers in my household have bad driving records?

**A:** Many companies won't insure you if you live with a relative who has a poor driving record. If your teenager has a poor driving record, you may have trouble getting a preferred rate because he or she is defined as an "insured" under your policy. Some companies will exclude this person by name from the insurance policy. Many companies won't insure anyone in the family unless every driver in the household meets their requirements.

**Q:** What do insurance companies consider when they decide whether to cancel or not renew policies?

**A:** Insurance companies evaluate the risks associated with each policyholder to determine if you are a "good risk" or if your policy should be canceled or not renewed. Some of the areas insurance companies review:

- **Claims.** Do you file claims frequently or for large amounts?
- **Driving record:** Do you have a bad driving record (speeding, driving under the influence, etc.)?

**Q:** My car was "totaled." Why didn't my policy pay what I think my car was worth?

**A:** Most auto insurance policies pay the actual cash value (ACV) of a vehicle totaled in an accident. The ACV is equal to the market value of an auto immediately before the accident.

Insurers must use a fair and reasonable method to determine the value of your car. They also must tell you in writing that information about how they determined the value is available if you request it.

Tell the insurance company what you believe makes your car worth more than the insurer is willing to pay you. It may come down to negotiations between you and the insurance company. But remember, an insurance company won't compensate you for your car's sentimental value.

**Q:** What happens if my loan was more than my insurance company says my car was worth?

**A:** Sometimes the value of a car is less than the balance on your car loan. There can be several reasons for this. The insurance company bases its payments on the actual cash value (ACV) of the car, not the amount of your loan. A special type of insurance called guaranteed auto protection (GAP), which can be purchased when you buy a car, may help in case of loss if you owe more on your lease or loan balance than the actual cash value of the vehicle.

Be aware that GAP coverage might not pay off your entire loan balance, as there are items that GAP insurance will not cover. The way the GAP policy or rider arrives at the value of the vehicle and the way the primary insurance arrives at the value of the vehicle are sometimes determined by different methods.

# Auto insurance questions & answers

In addition, GAP policies usually do not pay for the deductible from the primary auto insurer, missed payments, or late fees. Depending on the percentage of the vehicle value to the loan balance, GAP may only pay a portion of the loan. There could be other limitations, so check your policy carefully.

## **Q:** Why didn't I get a notice that my insurance policy was canceled?

**A:** Your company must send you a notice at least 10 days in advance of canceling your policy for nonpayment. If your policy has been canceled or "non-renewed" for a reason other than nonpayment, the company must give you at least 30 days' advance notice. An explanation of the reasons for the cancellation or non-renewal must be part of or accompany the notice.

Under Oregon law, insurance companies must be able to prove notice was sent but not that you received it. It's your responsibility to tell your insurance company if your address changes. Keep track of your payments.

## **Q:** What's the difference between comprehensive and collision coverage?

**A:** Comprehensive coverage typically covers damage from fire, theft, explosion, glass breakage, animal collision, and other incidents not covered by collision coverage. Collision is usually defined as colliding with another object or overturning. Most auto policies have a lower deductible for comprehensive coverage than for collision coverage. If you have an older car that may cost more to repair than it's worth, consider the following to save money:

- Raise your deductible.
- Drop your collision or comprehensive coverage.
- Drop both your collision and comprehensive coverage.



## Actual cash value (ACV)

The market value of your car.

## Adjuster

A representative of an insurance company whose job is to determine and “adjust” the amount of a loss and decide how much the company will pay for it.

## Binder

An acknowledgment that the insurance for which you applied is in force, whether or not you have paid for it or received a policy.

## Cancellation

If you don't pay your premiums, an insurance company can cancel your personal auto policy by giving 10 days' written notice. The company is required to give you 30 days' written notice if it is canceling your policy for any other reason.

## Collision coverage

This coverage pays for physical damage caused when your car collides with another car or object or if it overturns.

## Comprehensive coverage

This coverage pays for damage to your vehicle not covered by collision coverage, such as fire, theft, or vandalism.

## Credit history

Many personal auto and homeowner insurance companies look at consumer credit information to decide whether to issue or renew an insurance policy and how much to charge.

## Deductible

The deductible is the amount you agree to pay on each loss before your insurance company pays. Generally, the larger your deductible, the smaller your premium.

## Diminution of value

After an accident, and after repairs have been made, if a vehicle is worth less than it was before the accident, its value has diminished. That difference in market value is called diminution of value. Most auto insurance policies exclude coverage for diminution of value.

If your damages are being paid by the “at-fault” driver's insurance, you may be owed compensation for diminution of value. You must prove that the value of your vehicle diminished as a result of

the accident. Evidence might consist of photos, Blue Book estimates, appraisals, a receipt for the fair market value sale of the vehicle, etc.

## Financial responsibility law

If a judge convicts you of driving uninsured, you will need to file proof of future financial responsibility with Oregon Driver and Motor Vehicle Services (DMV) for three years or face suspension of your driving privileges. This is in addition to any fines you must pay. Your insurance company can make a financial responsibility filing for you by sending an SR-22 insurance certificate to the DMV to show that you have liability insurance.

## Liability coverage

This coverage pays for losses to other people and their property caused by negligence on your part.

## Preferred risk

A person less likely than the average person to make a claim. A preferred risk usually qualifies for a lower premium.

## Proof of loss

An estimate of damages you provide to an insurance company to support your claim. Insurance companies often use this document to figure how much they will pay.

## SR-22

An SR-22 is a certificate from an Oregon-licensed insurance company certifying that you have purchased motor vehicle liability insurance as required by the state's financial responsibility law.

## Underwriting

The basic role of an insurance company: examining and accepting or rejecting risks, and classifying the ones that are accepted to determine premiums.

## Uninsured motorist bodily injury (UMBI) and Underinsured motorist (UIM) coverage

Coverage for bodily injury to you and your passengers caused by an uninsured or underinsured driver.

## Uninsured motorist property damage coverage (UMPD)

Coverage for damage to your auto caused by an uninsured driver, “phantom vehicle,” or a hit-and-run driver.

# Insurance publications

The Oregon Insurance Division publishes a variety of free publications for consumers. You may request a free copy by:

**Mail:** **Publications**  
Oregon Insurance Division  
P.O. Box 14480  
Salem, OR 97309-0405

**Telephone:** 503-947-7984 or  
888-877-4894 (toll-free)

**E-mail:** [dcbs.insmail@state.or.us](mailto:dcbs.insmail@state.or.us)

Publications are also available on our Web site, [insurance.oregon.gov](http://insurance.oregon.gov); click on "Publications."

- ***A Shopper's Guide to Long-term Care Insurance***  
Provides an overview of long-term care insurance, including costs and benefits. Published by the National Association of Insurance Commissioners.
- ***Consumer alert: Beware of abusive Medicare insurance sales practices***
- ***Consumer alert: Senior specialists***
- ***Consumer alert: Suitable Annuities for Senior Citizens***
- ***Consumer Guide to Auto Insurance***  
Provides an overview of auto insurance and gives money-saving tips for drivers.
- ***Consumer Guide to Health Insurance***  
Provides an overview of health insurance and your health-care rights.
- ***Consumer Guide to Long-Term Care Insurance in Oregon***  
Provides an overview of long-term care insurance and explains Oregon's requirements for long-term care policies.
- ***Consumer Guide to Oregon Insurance Complaints***  
Ranks insurers from best to worst based on the number of consumer complaints to the Insurance Division.
- ***Do you have insurance questions or complaints? We can help.***  
Explains the services available from the Insurance Division's Consumer Advocacy Unit.
- ***Insurance advice for Oregon consumers***  
Answers frequently-asked questions about insurance.
- ***Insurance Bill of Rights***
- ***Long-Term Care Insurance: What you should know***
- ***Oregon Complaint Report Part II***  
Breaks down consumer complaints against insurance companies by complaint type and disposition. There is a \$25 charge for each year's report.
- ***Preneed funeral plans and so-called "funeral insurance"***  
Discusses options for prepaying for your funeral.
- ***Tips for seniors and their families***  
Avoid falling prey to a con artist or purchasing a product that is not suitable.
- ***Your Rights When Purchasing Insurance and Annuities***





**Oregon Insurance Division**

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