

Factors That Affect Your Premium

Companies use a process called underwriting to decide whether to sell you a policy and what rate to charge you. Companies must file their underwriting guidelines with TDI and update them each time they make a change. The criteria companies typically use to establish premiums include:

- Your age and, for younger drivers, your marital status. Male drivers under 25 and unmarried women under 21 have the highest rates. Drivers over 50 may get discounts.
- Your driving record and claims history. A good driving record can save you money. If you have accidents or tickets on your driving record, you'll have to pay more for insurance. Companies may add surcharges to your premium for major convictions, some driving violations, and accidents that result in property damage. Some surcharges are mandatory and will apply to your premium for three years.
- Where you keep your car. Because drivers in urban areas have more accidents and auto thefts, their rates are typically higher than the rates for drivers in rural areas.
- The type of car you drive. Collision and comprehensive rates are highest for luxury, high-performance, and sports cars. Rates may also be higher for cars that damage easily or cost more to repair.
- Your car's primary use. Rates for cars driven solely for pleasure are lower than rates for cars driven to and from work or used for business.
- Your credit score. Companies may consider your credit score when deciding whether to sell you a policy and at what cost. A company cannot refuse to sell you a policy or cancel or non-renew your policy solely based on your credit. Visit the Learning Center on TDI's HelpInsure.com website to find out which companies use credit scores and how they use them.
- Whether you drove uninsured in Texas. Companies may charge more if you drove uninsured in Texas for more than 30 days in the 12 months before you applied for insurance. If you didn't, a company cannot charge you more for liability coverage because of your prior lack of coverage.

Auto Insurance Coverage

Automobile insurance pays for damages, injuries, and other losses specifically covered by your policy.

Many insurance companies use the Texas Personal Automobile Policy, a standardized policy form that offers eight types of coverage. Companies may sell alternative policies if the Texas Department of Insurance (TDI) approves them in advance.

Read your policy carefully because coverage can vary by policy and company. Pay special attention to the exclusions section, which lists the things your policy doesn't cover. The front page of your policy called the declarations, or "dec, page" shows the exact name of your insurance company, your policy number, and the amount of each of your coverage and deductibles.

The following summarizes the eight coverages in the Texas Personal Automobile Policy. Although your coverage and policy terms may differ from these, this summary can help you understand the coverage and the way they work.

Liability Coverage

Basic liability coverage meets the state's financial responsibility requirement. What it pays: Other people's expenses for accidents caused by drivers covered by your policy, up to your policy's dollar limits. These may include the other people's:

- Medical and funeral costs, lost wages, and compensation for pain and suffering
- Car repair or replacement costs
- Auto rental while the other driver's car is being repaired
- Punitive damages awarded by a court.

Liability insurance also pays your attorney fees if someone sues you because of the accident and your bail up to \$ 250 if you are arrested.

Who it covers: You and your family members. Family members include anyone living in your home related to you by blood, marriage, or adoption, including your spouse, children, in-laws, adopted children, wards, and foster children. Other people driving your car with your permission, family members attending school away from home, and spouses living elsewhere during a martial separation might also be covered.

You and your family members might be covered when driving someone else's automobile (including a rental car) but not a car that you don't own but have regular access to, such as a company car.

Note: Some policies won't cover other people, including family members, unless they're specifically named in the policy. Your policy's declarations page should list the names of all of the people covered by the policy.

Collision (Damage to your car) Coverage

(If you still owe money on your car, your lender will require you to maintain collision and comprehensive coverage's.)

What it pays: The cost of repairing or replacing your car after an accident. Payment is limited to your car's actual cash value, minus your deductible. Actual cash value is the market value of a car like yours without damages.

Who it covers:

You, your family members, passengers in your car, and others driving your car with your permission.

Comprehensive (Damage other than Collision)

What it pays: The cost of replacing or repairing your car if it is stolen or damaged by fire, vandalism, hail, or a cause other than a collision. Comprehensive coverage also pays for a rental car or other temporary transportation if your car is stolen. Your policy won't pay for an auto theft unless you report it to police. Payment is limited to your car's actual cash value, minus your deductible.

If you still owe money on your car, your lender will require you to have collision and comprehensive coverage.

Uninsured/Underinsured Motorist (UM/UIM) Coverage

What it pays: Your expenses from an accident caused by an uninsured motorist or a motorist who did not have enough insurance to cover your bills, up to your policy's dollar limits. Also pays for accidents caused by a hit-and-run driver if you reported the accident promptly to police.

- Bodily injury UM/UIM pays without deductibles for medical bills, lost wages, pain and suffering, disfigurement, and permanent or partial disability.
- Property damage UM/UIM pays for auto repairs, a rental car, and damage to items in your car. There is an automatic \$ 250 deductible, which means you must pay the first \$ 250 of the repairs yourself.

Who it covers: You, your family members, passengers in your car, and others driving your car with your permission.

Insurers must offer UM/UIM coverage. If you don't want it, you must reject it in writing.

Personal Injury Protection (PIP)

What it pays: Same as medical payments coverage, plus 80 percent of lost income and the cost of hiring a caregiver for an injured person.

Who it covers: You, your family members, and passengers in your car, regardless of who caused the accident.

An insurance company must offer you \$ 2,500 in PIP, but you can buy more. If you don't want PIP, you must reject it in writing.

Medical Payments Coverage

What it pays: Your medical and funeral bills resulting from accidents, including those in which the other person is a pedestrian or bicyclist.

Who it covers: You, your family members, and passengers in your car, regardless of who caused the accident.

Rental Cars

Auto rental agencies offer collision damage waivers and liability policies. The collision damage waiver is not insurance. It is an agreement that the rental company will waive its right, with certain exceptions, to recover the cost of the car's damage from the renter.

If you have auto insurance, your policy may already cover damage to a rental car. Your coverage limit, however, might be less than the value of a rental car. Read your policy to know what's covered and the coverage limits. If your coverage limit is too low, consider increasing it. You will pay more in premium, but it might be cheaper than buying additional coverage through the rental agency, especially if you rent cars often.

If you don't own a car, but borrow or rent cars often, you can buy a non-owner liability policy. A non-owner policy pays for damages and injuries you cause when driving a borrowed or rented car, but it does not pay for your injuries or damage to the car you are driving.

Towing and Labor Coverage

What it pays: Towing charges when your car can't be driven. Also pays labor charges, such as changing a tire, at the location where your car became immobile.

Rental Reimbursement Coverage

What it pays: A set daily amount for a rental car if your car is stolen or is being repaired because of damage covered by your policy.

Legal Liability

Texas law requires people who drive in Texas to pay for the accidents they cause. Most drivers do this by buying automobile liability insurance. Liability insurance pays to repair or replace the other driver's car and pays other people's medical expenses when you are at fault in an accident. It does not pay to repair or replace your car or to treat your injuries.

You must have at least the minimum amount of liability coverage required by the state's financial responsibility law. The current minimum liability limits are \$ 25,000 for each injured person, up to a total of \$ 50,000 per accident, and \$ 25,000 for property damage per accident. This basic coverage is called 25/50/25 coverage. The limits will increase on January 1, 2011, to \$ 30,000 for each injured person, up to a total of \$ 60,000 per accident, and \$ 25,000 for property damage per accident.

Because of car prices and the high cost of medical care, the minimum amounts might not be enough if you cause an accident. If your liability limits are too low to pay for all of the other driver's costs, the driver may sue you to collect the difference. To protect yourself financially, consider buying more than the basic limits.

Proof of Financial Responsibility

When you buy an auto policy, your insurance company will send you a proof-of-insurance card. You must show proof of insurance when you:

- Are asked for it by a law enforcement officer
- Have an accident
- Register your car or renew its registration
- Obtain or renew your driver's license
- Get your car inspected.

There are penalties for violating the state's financial responsibility laws. A first conviction will result in a fine between \$ 175 and \$ 350. Subsequent convictions could result in fines of \$ 350 to \$ 1,000, suspension of your driver's license, and impoundment of your automobile.

If you don't have a valid driver's license, the penalties for violating the state's financial responsibility laws increase to a fine not to exceed \$ 2,000, 180 days in jail, or both. The penalty increases to a fine not to exceed \$ 4,000, one year in jail, or both if you cause a car accident that results in serious injury or death.

Accidents Caused by Other Drivers

- Repair or replacement of your car

- Car rental while your automobile is being repaired
- Your medical and hospital bills
- Wages lost because of an injury
- Compensation for pain and suffering if anyone is hurt.

If the other driver's insurance won't cover all your medical bills, file a claim for the difference against your PIP coverage, if you have it. For amounts greater than that, you can claim against your UM/UIM coverage or your health insurance policy.

If the other driver's policy won't cover all of your auto repairs, file a claim against your collision or UM/UIM coverage for the difference (minus your deductible) between the damage to your car and what the other driver's policy will pay.

Steps to Take after an Accident

- If possible, move your car to avoid blocking traffic and to protect it from further damage.
- Call the police if somebody is injured or killed, if you can't move your car, or if the uninsured motorist coverage pays for a hit-and-run accident only if you report it to police.
- Get the following information from the other driver:
 - Name
 - Address
 - Telephone Number
 - License Plate Number
 - License Number
 - Insurance Company Name (Get The Exact & Complete Name)*
 - Insurance Policy Number
- Give the other driver the same information about you.
- Get the names, addresses, and telephone numbers of any witnesses to the accident.
- Notify your insurance company as soon as possible. Your company probably has a 1-800 number for your agent. The agent or company will explain the claims process, including how to set estimates. Also, give your agent or company the names and addresses of any witnesses.
- If you reported your claim by phone, follow up in writing as soon as possible to protect payment of claims laws.
- Send the company copies of the accident report and any legal papers you receive about the accident.
- Cooperate with the company's investigation. You might have to submit a proof-of-loss statement.

* If the other driver refuses to tell you the name of his or her insurance company, get a copy of the accident report should list the other driver's name and insurance company. If the police did not investigate the driver's refusal to police. This could result in a report identifying the driver's insurance company. The Public Safety keeps files of forms called "SR-22s" that show the insurance companies of people with no insurance. Call the DPS Customer Service Bureau.

512-424-2600

www.txdps.state.tx.us

Other Coverage's

Stereo Equipment

Your policy won't pay for CDs, MP3 players, cell phones, citizen band radios, or stereo equipment not permanently installed in your car. However, you can buy endorsements to your policy that provide separate coverage for these items for an additional premium.

New or Additional Automobiles

If you buy another car, your policy might automatically cover it with certain limitations. Read your policy to know whether it automatically covers an additional or replacement car.

In general, an additional car usually has the same coverage as the car on your policy with the broadest coverage. For example, if you have two cars (one with liability coverage only and one with liability, collision, and comprehensive coverage) and you buy a third car, the third car will automatically have liability, collision, and comprehensive coverage.

A replacement car usually has the same coverage as the car it replaced. For example, if you trade in an older car that only had liability coverage; the new car will automatically have only liability coverage.

Be sure to tell your insurance company as soon as possible that you have added or replaced a car and which coverage you want. You could lose coverage on an additional or replacement car if you wait longer than the number of days specified in your policy to notify your insurance company.

Filing a Claim

Texas law sets deadlines for the insurance company to act after you have filed a claim.

- The company must respond within 15 days of the date it received your claim in writing. It will probably ask you to document your loss.
- After you submit any requested documentation, the company has 15 business days to accept or reject your claim.
- Once the company agrees to pay your claim, it must send your check or draft within five business days.

A company that cannot meet these deadlines must send you a notice explaining why. The company then has 45 days to either approve or reject your claim.

If the insurance company rejects your claim, it must explain the rejection in writing. If the company contends that your policy doesn't cover the loss, ask to see the policy language that supports denial of your claim. A court usually will order the company to pay if the language is unclear and the policy could reasonably be read in your favor.

Note: The prompt payment law does not apply if another driver's insurance company is paying the claim. However, the company is required to act in good faith and to make a prompt and fair settlement.