

The Myth of Full Coverage Auto Insurance

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Think you have “full coverage” auto insurance? Think again.

You probably believe you have “full coverage” because that is what your insurance agent told you when selling you the insurance, or it could just be the terminology you have heard used over and over again. Full coverage typically just means that you have collision and comprehensive coverage in addition to bodily injury. It has nothing to do with how much coverage you actually have. You may have “full coverage” and still not be fully protecting yourself.

State minimum coverage in Arizona is \$15,000/\$30,000 (15/30). This means if you have state minimum coverage and you hit someone, that person can collect up to \$15,000 from your insurance company. If you hit a car with multiple people in it, all of those people can collect up to \$30,000 combined from your insurance company, with no one person collecting more than \$15,000. If their damages exceed those limits, they may attempt to collect from you personally.

You can increase these limits drastically for very little. For just a few dollars more a month, you can upgrade to \$25k/\$50k, \$50k/\$100k, \$100k/\$300, \$250/\$500, and so on.

The same is true with underinsured and uninsured motorist coverage. These protect you in case a driver who does not have insurance or does not have enough insurance hits you. Assume for a moment that a driver with state minimum coverage hits you. You have serious injuries and \$20,000 of medical bills. The driver’s insurance company only needs to pay you \$15,000. You can then go to your policy and collect from your underinsured motorist coverage. Your rates will not even go up because you were not at fault for the collision!

There is another type of coverage called Medical Payments, often referred to as MedPay. MedPay coverage provides you with money to pay your medical bills after a collision. Most MedPay policies offer \$3,000 - \$10,000 in coverage. You can use MedPay to pay for any collision related medical bill – including any co-pays for doctors, physical therapist, hospitals, etc. MedPay usually costs only a few dollars a month.

Protect yourself. Increase your insurance coverage for a few dollars a month. Ask your insurance agent how much it would be to have \$100k/\$300k coverage, or \$250k/\$500k coverage. Ask how much it will cost to add \$5,000 or \$10,000 of Medical Payments. You’ll be surprised at how affordable it is.