

## Protect Yourself Against Uninsured/Underinsured Drivers

Insurance experts are linking an increase in the number of uninsured and underinsured drivers on the road with the high unemployment rate and resulting economic pinch that so many Americans are feeling. Despite the laws in all but two states that require *all* drivers to be financially responsible and carry auto insurance, it's an expense that some struggling people feel they have to take the risk of cutting.

What this means to you, is that even if you carry adequate auto insurance, you remain vulnerable if you are involved in an accident with a driver who does not.

**Uninsured (UM) and underinsured (UIM) coverage protects you from having to foot the bill for an accident that was not your fault.** Available limits, coverage options and mandatory requirements vary depending on the state you live in.

### **Coverage:**

There are three types of UM/UIM coverages to choose from.

\* Uninsured Motorist insurance (UM or UMBI)

Pays for medical expenses for bodily injury, pain and suffering, and lost wages, for you or your passengers, resulting from an accident caused by an uninsured or hit-and-run driver.

\* Underinsured Motorist insurance (UIM)

Same coverage as above, for accidents caused by drivers whose policy limits are not high enough to cover the damage/losses they caused.

\* Uninsured Motorist Property Damage insurance (UMPD)

This type of policy covers damage to your car that is caused by an uninsured motorist. Not available in all

states. Coverage is available only if you do not already have collision coverage on your vehicle.

You can add UMPD when you don't want to carry collision, but want to have some type of collision coverage on your car. If you have collision coverage, you can add a "Waiver of Collision" endorsement. This waives the collision deductible when you can prove your car was damaged by an at-fault uninsured motorist.

## Cost

Get at least two quotes for adding or increasing your protection against uninsured and underinsured drivers before you make the final decision. Don't assume the cost will be prohibitive until you know what it will be.

Here's a sample cost breakdown scenario:

Scenario: Married Couple, 2 cars, no children

<b>BODILY INJURY/ PROPERTY DAMAGE SINGLE LIABILITY LIMIT</b>	<b>UNINSURED/ UNDERINSURED MOTORIST LIABILITY LIMIT</b>	<b>ANNUAL COST</b>	<b>DAILY COST</b>	<b>COMMENTARY</b>
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\$50,000.00	\$50,000.00	\$640.00	\$1.75	<b>FOR SIXTY CENTS MORE PER DAY YOU GET AN ADDITIONAL \$450,000 IN PROTECTION COMPARED TO THE COST OF A \$50,000 LIABILITY LIMIT</b>
\$100,000.00	\$100,000.00	\$705.00	\$1.93	
\$300,000.00	\$300,000.00	\$809.00	\$2.22	
\$500,000.00	\$500,000.00	\$857.00	\$2.35	

In the example above, you can see that it costs \$1.75 per day for this couple to buy protection for both liability and uninsured motorists with a limit of \$50,000. However for sixty cents more per day, much less than the cost of a small cup of coffee from Starbucks, you can buy \$450,000 more in protection.

NOTE: Your uninsured motorist coverage limit can never be greater than the limit of liability to others. For example, if you have \$300,000 for bodily injury liability to others, you can't buy \$500,000 for the uninsured motorist limit. You'll have to increase the bodily injury limit as well, if you want to increase your uninsured/underinsured motorist limits.

**Action Step: Check your current policy to see what your current UM/UIM limits are. If you don't have any, or if your limits are the minimum required by law, get a quote for increasing or adding this coverage to give you added protection that you need in today's financial climate. If you're worried this will increase your premium, remember that raising your collision and/or comprehensive deductible will bring your premium down without sacrificing the higher dollar coverage that will protect you against serious losses.**

United Policyholders thanks three of our wonderful agent advisors, independent agents **Larry Tencer** (Petaluma, CA), **Kathy Berkman** (San Francisco, CA), and **David Shaffer** (Walnut Creek, CA) for reviewing and contributing to this Tip of the Month.

*The above cost breakdown was provided to UP by **David Shaffer**. David is a pro-consumer independent agent in Walnut Creek, California who was part of the original 1991 working group that led to the incorporation of United Policyholders. He has contributed to many of our publications and our work over the years, and maintains a thriving agency that specializes in insuring individuals and families in the Bay Area.*