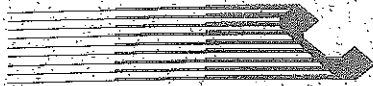


A Consumer's Guide to

Auto Insurance

If you have questions about your insurance,
your main source of information should always
be your agent or insurance company.

The Illinois Department of Insurance and the
Illinois Insurance Hotline are two other resources
available to you.



Call the Illinois Insurance Hotline.
1-800-444-3338

We're here to help!



*This brochure was developed
through the combined efforts of:*



Illinois Insurance Hotline
1-800-444-3338

Illinois Department of Insurance

University of Illinois Extension

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Why do I need automobile insurance?

First, it's the law. Illinois law requires all motor vehicle owners to have certain auto insurance coverages. There may be others who want you to have insurance. For example, if you borrow money to buy a car, your lender may require physical damage insurance.

Most people buy auto insurance because they want protection from financial loss. Most of us can't afford the costly vehicle repairs, hospital bills, and legal services that could result from an auto accident. An automobile insurance policy with proper limits will help protect your assets.

What does my auto policy cover?

Your policy is made up of coverage sections. These sections explain the insurance coverages you have. Most policies include several coverages such as liability and uninsured/underinsured motorist coverages (required by law), medical payments, and physical damage coverages. Other policies contain only a single coverage such as liability or physical damage.

An insurance policy is a legal contract between you and the insurance company. Policy contracts vary among companies. Read your insurance policy - especially the exclusions. It's important to know what your policy does, and does not cover.

Liability insurance pays if you cause a crash and are legally responsible for the other person's damages. It also pays for a legal defense if you're sued because of the accident.

Liability coverage is often split into two separate coverages.

Bodily Injury (BI) pays for costs due to injury or death to a pedestrian(s) or person(s) in another car. It may also cover injury costs your passengers have as long as they aren't members of your household. Illinois law requires BI liability limits of at least \$25,000 per person per accident and \$50,000 total per accident.

Property Damage (PD) pays for damage to another person's car or property such as fences, buildings, utility poles, signs, and trees. Illinois law requires PD liability limits of at least \$20,000 per accident.

Uninsured/Underinsured Motorist pays for injury-related damages such as medical bills, lost wages, or pain and suffering that you and your passengers have as the result of an auto accident.

Uninsured Motorist Bodily Injury (UMBI) pays when the accident is caused by an uninsured or hit and run driver. Illinois law requires UMBI limits of at least \$25,000 per person per accident and \$50,000 total per accident. UMBI limits match BI limits unless you sign a rejection form.

Underinsured Motorist Bodily Injury (UIMBI) pays when the at-fault driver's BI limits are lower than your UIMBI limits. For example, if your UIMBI limit is \$100,000 per person, and the at-fault driver's BI limit is \$25,000 per person, the maximum UIMBI available to you is the difference of \$75,000. If you raise UMBI above the \$25,000/\$50,000 minimum, your UIMBI will increase to match the same limit.

Medical Payments pays medical and funeral expenses for you, resident family members, or passengers who are injured or die in an auto accident. It also covers you or resident family members injured by a car while walking, bicycling, or riding in another auto. Medical payments usually is a single figure such as \$5,000.

Physical Damage pays for damage to your auto. You must pay for part of the loss, called a deductible. Deductibles range from \$0 to \$1,000. Illinois law doesn't require physical damage coverage, but your lender may. Physical damage is split into two separate coverages.

Collision pays for damage caused by an accident with another car or fixed object (such as a tree).

Comprehensive (Other than Collision) pays for damage caused by events such as theft, vandalism, hail, fire, falling objects, and animals.

What optional coverages can I buy?

For more money you can add optional coverages that custom-design your auto policy to your needs.

Accidental Death Benefit pays a life insurance benefit if the insured dies because of an auto accident.

Custom/Nonfactory Equipment covers customized features found in conversion vans as well as tape decks, CD players, CB radios, or cellular phones added after the car left the factory.

Gap Coverage for Leased or Financed Vehicles pays the difference between your vehicle's actual cash value and what you still owe on your loan or lease.

Physical Damage Repair/Replace Coverage pays for a new vehicle if the cost to repair your vehicle is more than the value of a new car. This endorsement is usually available only during the first three model years.

Rental Reimbursement pays a specific amount per day (e.g. \$15) to rent a vehicle while yours is being repaired due to a covered loss.

Towing pays part of the cost to tow your disabled vehicle to a repair shop.

Uninsured Motorist Property Damage (UMPD) pays your vehicle's physical damage caused by an identified uninsured driver. The maximum available is \$20,000 per accident. A deductible of \$250 applies. You can buy UMPD if you don't have collision coverage.

How does the insurance company decide what my premium will be?

Companies consider many factors in pricing auto insurance.

Age, Sex, and Marital Status. Statistics show certain groups of drivers have more accidents. A higher chance of loss means more premium.

Coverage Limits. The more insurance you buy, the higher the premium will be.

Credit-based Insurance Score. A credit-based insurance score evaluates how you handle your finances. Public records (bankruptcies, judgments and collections), number and types of credit accounts, payment history and account balances determine your credit-based insurance score. Statistics confirm policyholders with good credit generally have fewer claims. In turn, those with good credit-based insurance scores often pay less for insurance.

Driving Record. Drivers with accidents and tickets usually pay higher premiums than those with good driving records.

Household Driver Information. The ages and driving records of other drivers in your household may affect the premium. Most auto insurance policies cover family members while driving your car. You may jeopardize your coverage if you withhold this information.

Type of Vehicle. Certain vehicles cost more to insure because they're more likely to be damaged in an accident, cost more to repair, or are frequently stolen.

Use of Vehicle, How Far You Drive to Work, and Annual Mileage. City drivers pay higher premiums than rural drivers do. Drivers who commute long distances or drive more miles per year pay more than those who commute shorter distances and drive less miles per year.

What should I consider before I buy auto insurance?

Price is important, but there are other factors to consider!

Coverage. Policies vary among companies. There may be differences in coverage quality and quantity. The least expensive policy may also give the least amount of coverage. Read the policy before you buy it. Go over the exclusions carefully. Choose a policy that meets your needs.

Financial Stability. A company's financial strength helps ensure its ability to pay future claims. Several independent organizations, A.M. Best, Standard & Poor's, Moody's, and Weiss Ratings Inc., evaluate a company's financial strength according to different criteria. Research the company you're considering. The rating organization may charge a fee for information they provide. In addition, many public libraries have rating guides published by these organizations.

Licensing Status. Be sure the company is licensed by the Illinois Department of Insurance to operate in Illinois. Insurance companies not licensed in Illinois don't have to obey Illinois insurance laws or participate in the Insurance Guaranty Fund which protects Illinois consumers if a company goes bankrupt.

Service. Check out the company's customer service record to see if current policyholders are satisfied with the service they're receiving. Also, the Illinois Department of Insurance keeps track of consumer complaints against insurance companies.

If you need more information about a company's financial rating, licensing status, or complaint record call the Illinois Insurance Hotline or the Department of Insurance. You can review company complaint records on the Department's website: www.insurance.illinois.gov.

How can I lower my auto insurance cost?

Shop around. Hundreds of companies sell insurance in Illinois. Costs can vary greatly. Get at least three quotes before you decide.

Keep a good driving record. Insurance companies charge more premium if you have past tickets and accidents. Law-abiding, defensive drivers pay lower insurance rates.

Take the highest collision and comprehensive deductible you can afford. This will lower your physical damage premium, but you'll pay more out-of-pocket each time you have a claim.

Drop unnecessary coverages. If you have an older car with no outstanding loan, consider dropping collision and comprehensive coverage. Your car's value drops as it ages, so paying for physical damage on an older car may not be worth it. If you belong to an automobile club, you may already have towing in your membership package.

Check with your agent before you buy another vehicle. Ask how your premium will change. Companies may charge more for intermediate or high performance cars, sports vehicles, or autos with fiberglass bodies.

Keep your policy in force. If you have a car loan and no coverage, the lender can buy a policy for you and add the cost to your loan. "Force placed" policies are very expensive and usually provide physical damage coverage only for the lender. They might not have liability (as required by law) or physical damage protection for you. Insurance companies don't have to accept late payments. Pay your insurance premium on time!

Handle finances responsibly. Pay your bills on time. Limit unsecured debt (credit cards). Use secured debt wisely. Improving your credit-based insurance score may lower the cost of your insurance.

Ask about company discounts. Among the possibilities:

- *Good Driver* - For staying accident-free during a specific period of time.
- *Mature Driver Credit* - For drivers over a certain age, usually 50.
- *Defensive Driving* - For drivers age 55 or older who complete an approved defensive-driving course.
- *Car Pool* - For those in a shared-vehicle car pool.
- *Low Annual Mileage* - For vehicles operated less than a given number of miles per year, usually 7,500.
- *Good Student* - For students who maintain a "B" average or better.
- *College Student Away from Home* - For college students over 100 miles away from home if no vehicle is taken along.
- *Safety Devices* - For vehicles with safety equipment such as anti-lock brakes, automatic seat belts, or air bags.
- *Anti-Theft* - For vehicles equipped with approved anti-theft devices.
- *Multi-Car* - For having more than one auto insured with the same company.
- *Auto-Home* - For having both auto and home insured with same company.

What if I can't find a company to insure me?

Ask your agent about the **Illinois Automobile Insurance Plan**. The Auto Plan will assign you to an insurance company operating in Illinois. There are four requirements:

- You must be denied auto insurance by other insurance companies.
- You must have a valid driver's license or be eligible to apply for one.
- You must have no outstanding premium owed for prior insurance coverage during the past 36 months.
- Your vehicle must be safe to drive.

Premiums through the **Illinois Automobile Insurance Plan** are usually higher than standard rates. In addition, the rates are preset and won't vary among companies. By keeping a good driving record you can eventually return to a standard company and lower your premium.

What should I do if I have an accident?

- Stop. Don't leave the scene of the accident.
- Get medical help if there are injuries.
- Call the police. Write down the investigating officer's name and follow his/her instructions. Be sure the officer has accurate information.
- Get information from the other driver(s) including:
 - Name
 - Address
 - Phone Number
 - Insurance Company *Look at the Illinois Insurance I.D. card carefully. Be sure you have the correct name of the insurance company.*
 - Names & Addresses of All Passengers
- Get the names and addresses of all witnesses.
- Write down the details of the accident.
- Notify your insurance agent or company of the accident right away. Most policies have time limits on filing a claim.
- Get a copy of the police report for your records.
- Save copies of everything.
- Review the "Conditions" section of your insurance policy and follow through on any conditions you haven't met.
- Call your agent or adjuster if you have questions. He/she can help you through the claims process.

What can I expect from the company after I report the loss?

If you make a claim with **your** insurance company (called a "first-party" claim), read **your** policy. The "Loss Settlement Provisions" section explains the claim settlement process. In addition, there are many consumer regulations companies must follow when settling first-party claims.

If you make a claim against **someone else's** insurance policy (called a "third-party" claim), the claim is settled according to the policy terms between the **other** person and **their** company. As a third-party you aren't part of the insurance contract and have no rights under it. In addition, there are fewer regulations an insurance company must follow on third-party claims.

Illinois has a "comparative negligence" law which means more than one person can be at-fault in an accident. Under this law, you can only collect damages if you're less than 50% at fault. The settlement is reduced by your percentage of fault. For example, if the other driver was 80% at fault, his insurance company might offer to pay 80% of your damages.

The company will assign a claim adjuster and claim number to the loss. Keep this information in a safe place so you can refer to it in the future.

The company adjuster will begin a detailed claim investigation. Studies show as many as 40% of all auto claims involve some sort of abuse. The abuse includes both fraudulent claims and inflated (padded) damage estimates. This is why companies thoroughly investigate every claim. You can help by giving your adjuster credible, detailed information. Your insurance agent can tell you how the loss will affect your auto insurance policy in the future.

Different companies have different rules. Your company could:

1. Do nothing.
2. Take away your accident-free discount.
3. Increase your premium by adding a policy surcharge.
4. Terminate the policy.
5. Take some other action according to company guidelines.

What if my company says my vehicle is a total loss?

A total loss means the cost to fix your car is more than what the vehicle is worth.

Your insurance company will settle your total loss claim according to the terms of your policy. Most policies allow the company to settle your claim by:

- Replacing your vehicle with a comparable one.
- Offering the actual cash value of your vehicle. The actual cash value may not be enough to pay the amount you still owe on your car.

Your insurance company must follow certain Illinois laws and regulations including:

- Illinois law doesn't let you keep a totaled auto less than 8 years old. You must give your auto and clear title to the insurance company before it can settle the claim.

- The company must value your vehicle according to your policy terms and Illinois insurance regulations. Give your company information about your vehicle's condition, options, and mileage. The company will estimate your car's value using national or computer market-data sources.

- The company must inform you in writing of your "Rights of Recourse" which explains your rights if you can't find a comparable auto with their settlement offer.

- Tax, title, and transfer fees of the replacement auto are paid according to state regulations.

What if I disagree with the company's offer?

If you disagree with the offer your own insurance company makes, you can request that an appraiser decide on the amount of damage. Read the "Appraisal" clause in your policy for more information.

If there's a disagreement with the offer made by the other person's insurance company, you may want to make a claim under your own policy (if you have the appropriate coverage), or seek legal counsel. Only a judge or jury can ultimately decide how much another person owes you for your damages.

If you have a problem with an insurance claim, you should always try to work it out with the company first. If you still have problems or questions, you can call the Illinois Insurance Hotline or the Illinois Department of Insurance for help.

What is the Illinois Insurance Hotline?

The Illinois Insurance Hotline is a consumer resource sponsored by the insurance industry and operated by the Illinois Insurance Association. A variety of services are available. The Hotline:

- Maintains a toll-free phone number for consumer calls.
- Helps consumers resolve insurance-related problems.
- Provides public information on insurance companies.
- Distributes free educational literature.

The Hotline doesn't recommend companies or agents. The Hotline can't suggest types or amounts of coverage.

You can reach the Illinois Insurance Hotline at 1-800-444-3338 or insurancehotline@illinoisinsurance.org.

What is the Illinois Department of Insurance?

The Illinois Department of Insurance is the agency regulating the insurance industry in Illinois. The Department of Insurance enforces Illinois insurance laws and regulations. The Department protects Illinois citizens by educating them about insurance, investigating their problems, overseeing the conduct of insurance companies and agents, and monitoring the financial stability of insurance companies.

You should always try to resolve your problems directly with the company and/or agent first. If you aren't satisfied with the answer you receive, you may contact the Illinois Department of Insurance at:

866-445-5364

www.insurance.illinois.gov

320 West Washington Street, Springfield, IL 62767

122 South Michigan Ave., 19th Floor, Chicago, IL 60601

What is University of Illinois Extension?

The Cooperative Extension Service (CES) is the outreach Arm of the University of Illinois of Agricultural, Consumer, and Environmental Sciences. It helps people solve problems through education.

CES has offices in more than 80 counties. You can get quick answers to many questions by calling a local CES office. You can also stop by an office and pick up a fact sheet or publication. You'll also find that CES offers many informal educational programs. Look for the nearest office listed under Cooperative Extension Service in your local phone directory. Or, visit their website at <http://web.extension.illinois.edu>