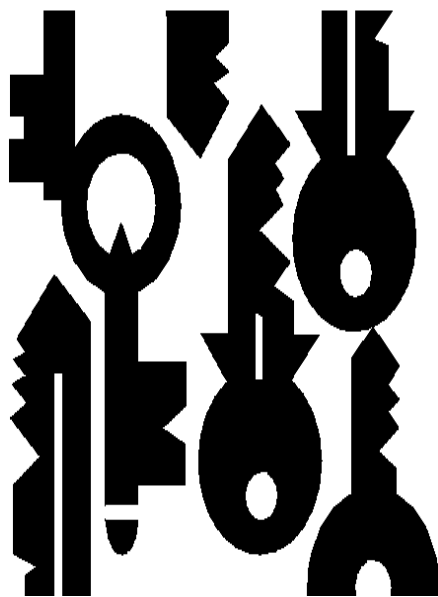


# Missouri Consumers' Guide to Automobile Insurance



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*Missouri*  
*Department of Insurance*

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## Who needs auto insurance?

Suppose you have an auto accident and you hurt or kill someone, damage someone else's property or damage your own car. If you are found legally responsible, Missouri's Motor Vehicle Financial Responsibility Law **requires** you to pay for the other person's injuries and damages. **If you can't pay, you can lose your driving privileges – or even risk a criminal conviction and time in jail!**

Most Missourians rely on automobile liability insurance to certify financial responsibility.

Automobile liability insurance protects you from paying a large amount of money at the time of an accident if the accident is your fault – and protects the victims against their losses. Besides liability and uninsured motorist insurance, you also may want to consider insuring against theft or physical damage to your car caused by collision, fire, theft, windstorm or hail.

**When deciding to buy automobile insurance, or any other insurance, you should ask:**

- How much of my property can I afford to lose if it is damaged or stolen?
- What property could be damaged or stolen and how much does it cost to replace?
- If I am sued by someone who suffered injuries because of my carelessness how would I pay the legal costs and possible damage awards?

Read this guide carefully to learn how you can protect yourself against these and other risks. Don't rush into purchasing insurance coverage. Get all of the facts and think carefully before buying. You and your family have to live with the consequences of your decision.

## Selecting an insurance agent or broker

A licensed agent or broker can help you purchase insurance coverage. They can inform you about the types of policies available and how you can best protect yourself. They should assist you in filing claims and making sure your claims are settled promptly and fairly.

Agents and brokers must be licensed by the Missouri Department of Insurance. Their license is proof they have passed state examinations that require a thorough understanding of insurance policies and practices. Always be sure that you are doing business with a licensed agent or broker.

### A responsible agent or broker will:

- Take time to clearly explain your policies and coverage.
- Review your insurance needs annually to see that your policies are adjusted to changing circumstances.
- Examine your overall insurance picture when you are considering additional coverage.
- Explain how your premium rates are determined, and suggest ways you can save money on your auto insurance.

Select your agent or broker **with care**. Choose an agent in whom you have **confidence**. Obtain help from people with experience in dealing with insurance. A good way to locate an agent or broker is by referral from satisfied relatives and friends. Talk to agents and brokers from several companies to learn about and compare the services they offer.

# Understanding your automobile insurance policy

Most automobile policies follow a standard form with each part containing specific information.

1. The **declarations** include information about the individual purchasing the policy; the dollar amount of the policy; the type, extent, and cost of coverage; the date and time coverage begins; and the date the policy expires.
2. The **insuring agreement** states what losses the policy will cover and provides for your legal defense up to the limits of the policy.
3. The **exclusions** state what the policy will not cover, sometimes referred to as the “fine print.”

Typical exclusions are:

- Intentional damage to your own automobile.
- Damages caused when your automobile is used as a public or delivery vehicle, unless your policy states that it will be used for this purpose.
- Damages caused while your automobile is being driven by employees of a garage, parking lot or auto sales agency.

Read the exclusions carefully. Ask your broker or agent to explain any part that you do not understand.

4. The **conditions** list the policy’s rules and your duties in case of loss. Usual conditions require you to:
  - Report the loss to your company as soon as possible.
  - Use reasonable care to prevent further damage to your car.
  - Give reasonable cooperation to the company.

- File proper proof of loss with the company.
- Forward all documents of lawsuits under your policy to your company.

Failure to meet your responsibilities listed in the conditions may jeopardize any claim you may file. Become familiar with conditions of your policy, and consult it immediately upon incurring any loss.

5. The **endorsements** are changes in coverage that are added to your insurance policy. Changes are typed on a form called an endorsement, signed by a company official and attached to your policy.

Remember, an insurance policy is a legal contract. Read your policy carefully to make sure you understand all of the provisions. Ask your agent to explain anything you do not understand. If your agent cannot explain the policy to your satisfaction, contact the Department of Insurance or another agent.

## Liability insurance coverage

Insurance companies sell several types of basic automobile insurance coverage.

Liability insurance is the most basic type of automobile insurance available. Missouri law requires an automobile liability policy to include:

- Bodily injury liability insurance**, which protects you and your family financially if you are sued by someone injured in an accident in which you were involved. It will pay legal and court costs and damages awarded up to the limits written into the policy.
- Property damage liability insurance, which** covers your legal responsibility for damages to the property of others, caused by collision with your car. In an accident, the “property of others” is usually another car, but it also covers damage to public and private property such as road signs, bridges, or buildings, up to the

## Auto Insurance Buying Guide

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limits written into the policy. Do not confuse this coverage with physical damage or collision insurance, which applies to damage or loss to your car, regardless of fault.

- **Uninsured motorists insurance, which** covers your bodily injuries and those of your passengers if you are hit by an uninsured motorist or hit-and-run driver who is responsible for the accident. *It does not cover damages to your car.*

**EXAMPLE:** A minimal liability insurance package might be shown as 25/50/10, BI, PD, and 25/50 UM. BI means bodily injury liability, PD means property damage liability, and UM means uninsured motorist coverage. The numbers signify:

- \$25,000 is the maximum bodily injury liability payment under the policy for injury (or deaths) to one person involved in a single accident.
- \$50,000 is the maximum bodily injury liability payment that can be made for injuries (or death) to all persons involved in a single accident.
- \$10,000 is the maximum property damage liability payment that can be made under the policy for damages to another person's property from a single accident.
- \$25,000 is the maximum uninsured motorist payment that can be made to one person involved in a single accident.
- \$50,000 is the maximum uninsured motorist payment that can be made to all persons involved in a single accident.

Remember that persons injured as a result of your driving can and often do sue for damages greater than this example. You may be held personally responsible for damages not covered by your policy. Keep this in mind when purchasing your automobile liability insurance.

Consider higher limits of coverage, which are usually available at a moderate increase in price. Discuss and compare coverage and premium cost with your agent or broker.

Many companies now offer “single limit” liability insurance, which covers bodily injury (BI) and/or property damage (PD) liabilities at one single dollar limit such as \$50,000 rather than split coverage of 25/50. A single limit of \$50,000 means the company will pay up to \$50,000 for bodily injury and property damage liability claims arising from any one accident without regard to how much of that limit is for bodily injury and/or property damage. Ask your agent to explain the differences between single limit and split coverages.

## Other types of automobile insurance

Many drivers feel they need insurance protection besides the basic liability insurance coverage.

- **Medical payment insurance** pays for your medical costs up to the limit stated in the policy. It covers you or your family whether you are a rider or a pedestrian struck by a motor vehicle. Some policies also cover you when you are in someone else’s car. Passengers in your car also are covered. Medical payment insurance usually covers funeral expenses in connection with an automobile accident. However, some policies pay only the amount not covered by other collectible health or accident insurance. Check with your health insurance agent to determine if you need additional medical coverage.
- **Comprehensive insurance** pays for damages to your car from risks such as fire, theft, explosion, windstorm, hail, vandalism, glass breakage, birds and animals. Risks covered are listed in your policy under the insuring agreement section. This coverage may have no deductible or a \$50 or \$100 deductible or more. The deductible is the amount of any loss you must pay before the insurance company will cover damages.
- **Collision insurance** covers damage caused by the collision of your car, regardless of who is responsible. This type of insurance usually includes a deductible of \$50 or \$100, or more. Again, you pay

the deductible amount when you have an accident, and the insurance company pays the rest, within the limits of the policy.

- **Uninsured motorist insurance** covers your bodily injuries and those of your passengers if you are hit by a car whose driver is at fault and does not have enough insurance to cover the expenses of the injuries.

If you have a late model or expensive car, you should consider purchasing comprehensive and collision insurance to protect you financially in case of damage to your car or theft (most companies will not sell collision without comprehensive coverage).

If the car is financed by a lending institution, the lender probably will require comprehensive and collision insurance to protect its interest in your car. A lender **cannot** require you to purchase insurance from a particular agent or company. You may save money purchasing the insurance protection on your own.

Insurance companies may offer other optional coverage, such as towing, rental and labor benefits. When comparing policy premiums, make sure to consider similar coverage. Not all insurance buying decisions are simple or clear-cut. When in doubt, remember it is more important to have insurance against large losses that could threaten your standard of living than to have protection against small losses you can afford to pay yourself.

## Who is covered under an auto insurance policy?

**Missouri requires all private passenger automobile insurance policies to cover:**

- The person named in the policy.
- The spouse living in the same household.
- Any other person who has permission to drive the car. Insur-

ance policies cannot exclude specifically named drivers from coverage. Policies must provide the minimum liability insurance coverage.

## How are insurance rates determined?

The Missouri Department of Insurance does not set insurance rates. An insurance company's rates are based upon the claims they pay, operating expenses, and profit. The rates you pay as an individual driver/owner are usually based on:

- The amount of coverage purchased.
- The amount of the deductible chosen.
- Where the automobile is garaged; autos rates for farm use generally have lower rates than those rated for city use.
- How the auto is used and the number of miles driven each year.
- The type and age of the car.
- The age and sex of the insured driver.

Insurance companies and insurance rating organizations establish rating territories generally based upon claims experience. Check with your agent or broker if you have any question about your rating territory.

### Tips on lowering premiums

- Drive safely.** Nothing affects your auto insurance rates more than your driving record. Every time you are responsible for an accident or receive a moving traffic violation you risk having your premium raised or your policy cancelled.
- Shop around.** Consumers can increase their odds of getting the best insurance "deal" by getting information about rates, coverage,

and service from a number of companies and agents. A few phone calls may save you \$50 to \$100. The Missouri Department of Insurance publishes rate guides on sample premiums charged by high-volume insurers. Call 1-800-726-7390 for a copy of the rate guide for your area.

- **Use of deductibles.** Your auto insurance rates will decrease as you raise the deductible amounts on your policy. A deductible is the amount of any loss you must pay before the insurance company will cover damages. For example, if you have a deductible of \$100 on your auto policy and have \$1,000 worth of damage, you pay the first \$100 and the insurance company pays \$900. Deductibles are not available on liability coverage.

- **Take advantage of special discounts.** Some companies offer “good student” discounts to young drivers with good academic records. Others offer discounts for insuring two or more cars, buying both auto and homeowners coverage or special features that lower accident risk. Don’t wait for your agent to offer a discount; ask for them. The Missouri Department Insurance publishes a brochure on typical discounts offered by high-volume insurers. Call 1-800-726-7390 for a free copy.

However, don’t automatically assume that just because you get a discount the rate is a good one. In some cases a company’s rates without a discount can be lower than those of other companies that offer discounts. Shop around. Compare rates.

- **Financing your insurance premium.** Try to pay for your automobile insurance for the full policy period. Some companies have a monthly, quarterly or semi-annual installment payment plans at an extra cost. However, automobile insurance costs are sometimes financed by outside sources; charges can sometimes be very expensive. Check closely into the added cost of any premium financing plan.

- **Consider insurance costs when you buy a car.** Insurance costs go up if you buy a high-powered or more expensive automobile. Talk to agents about the cost of insurance before you buy.

- **Reduce or eliminate collision and/or comprehensive coverage on an old car.** The amount you may pay in premiums may equal the cash value of your automobile.
- **Insure all your cars with the same company.**
- **Notify your agent if you:**
  - Substantially cut down on your annual mileage.
  - Move to a different neighborhood, town, or state.
  - Sell a car.
  - Cut down on the number of drivers in the household.
  - Marry.
  - Turn 21, 25, or 29.

These changes in circumstances may lower your premiums.

• **Don't duplicate coverage.** Try not to buy automobile insurance and health/accident insurance that pay for the same things. Compare your policies and consult with your agent or broker before purchasing additional coverage.

• **Group insurance.** Some associations, organizations, or employee groups have insurance plans available to members to purchase automobile (or other) insurance through special arrangements with insurance companies.

In some cases, the insurance company may automatically accept all group members for insurance or only those members meeting their requirements. Find out first!

Group arrangements for insurance may save you money; however, they may not always do so. Look into the cost of purchasing insurance coverage individually.

# Automobile insurance quotation worksheet

To shop for insurance, use the worksheet in this guide. It will help you gather information to apply for auto insurance and make cost comparisons.

## Directions:

1. Before you begin comparison shopping for insurance, fill in the rating information. If your son or daughter has a car registered in their name and you intend to obtain coverage for them as well, their rating information should be completed on a copy of this worksheet.
2. Call or visit several insurance agents and brokers to obtain premium quotes. Write down the name and telephone number of the agent and the company represented.
3. Make a note of any variations between companies' limits and deductibles.
4. Don't forget to ask for any applicable discounts.
5. Ask how and where claims are reported. Be sure it is convenient for you.
6. Remember: price isn't the only consideration when purchasing insurance. An agent's and a company's reputation for reliable service and fair claims processing is important.



## Cancellation or non-renewal of your policy

Missouri law provides that any private passenger automobile policy that has been in effect for 60 days must be continued for one year, without being cancelled, except for the following reasons:

- Suspension or revocation of the driver's license of the person named in the policy.
- Non-payment of premium.

The law also provides that you must receive written notice and an explanation 230 days before your policy is cancelled or not renewed.

If you are refused automobile insurance, you must be sent a written explanation. Such notice must also provide information about the availability of the Missouri Joint Underwriting Association (JUA) and its coverage for drivers/commercial who cannot find regular coverage.

Any premium refund due you must be paid promptly by the company.

NOTE: Missouri law requires that insurance companies or their agents may not ask you:

- If you have been cancelled by an automobile insurance company previously.
- If you have previously been refused automobile insurance.
- If your automobile insurance has not been renewed previously.

## If you cannot get auto insurance...

Drivers who have difficulty obtaining coverage from any company selling automobile insurance in Missouri may obtain coverage from the Missouri Joint Underwriting Association (JUA). The JUA, made up of all companies selling automobile liability insurance in Missouri, may be able to provide insurance to those who need it. Most agents and brokers can give you a JUA rate over the phone. By making a deposit on your premium in person, most agents can issue you immediate insurance protection. Call the Department of Insurance if you cannot locate JUA assistance.

## Filing a claim

Immediately report your accident or the circumstances that will cause you to file a claim to your insurance company or agent. If you were not at fault, report the accident to the other driver's insurance company. Immediately notify the police if you were responsible for an accident that damaged others' property or if you were the victim of a hit-and-run driver, uninsured motorist, vandalism or theft.

Follow the company's instructions when making your claim. Insurance companies are required to handle claims promptly and fairly.

If you are involved in an accident with an uninsured motorist, a report should be made to the Missouri Department of Revenue if:

- If you believe that one of the parties may be uninsured;
- The accident occurred in Missouri; and,
- The damage to property of any person exceeds \$500; or,
- The accident results in bodily injury or death.

You may obtain a state accident report form from most insurance agents or any branch of the Missouri Department of Revenue or State Highway Patrol.

## What to do if you have a complaint

If you believe your insurance company has not treated you fairly, or your claim has not been handled properly, you may file a complaint with the Missouri Department of Insurance. However, many disputes with an insurance company are the result of a misunderstanding or involve legal questions of fact that may only be resolved by a court of law. Discuss your problem with your agent or company representative first. If you still cannot resolve your problem and believe the company's action may have violated a Missouri statute or regulation, please contact one of the following offices:

**Department of Insurance**  
P.O. Box 690  
Jefferson City, MO 65102-0690  
(573)751-2640 or 1-800-726-7390

**Department of Insurance**  
State Office Building, Room 510  
615 E. 13th Street  
Kansas City, MO 64106-2829  
(816) 889-2381

**Department of Insurance**  
Wainwright Building, Suite 229  
111 N. 7th Street  
St. Louis, MO 63101-2176  
(314) 340-6830

Remember: the Department of Insurance has no authority to act as a court of law to resolve questions of fact. Be sure that, when you contact the department's office, you are able to support any allegation of a violation of law.

## Investigating a complaint

If you file a complaint against an insurance company, the Department of Insurance will contact the company to determine whether it is acting in good faith. The department will then report its findings to you. Generally, claims against another person or insurance company based upon your allegation that the other person was negligent and caused an automobile accident are not within the jurisdiction of the Department of Insurance. The department does not have the authority to force payment.

If a particular insurance company repeatedly demonstrates bad faith, the department can ask for suspension or revocation of its license to do business in Missouri.

If an individual or an insurance company refuses to pay, you may consult with an attorney or, if the claim is under \$3,000, go to a small claims court. Obtain information on small claims court from the associate circuit court in your county.