

CONSUMER GUIDE TO
**AUTO
INSURANCE**



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DCI

Missouri Department of Commerce & Insurance

WHY DO YOU NEED AUTO INSURANCE?

Auto insurance is an important purchase for most drivers. There are three main reasons to buy auto insurance.

1

IT'S THE LAW!

Missouri law requires vehicle owners and drivers to have liability and uninsured motorist coverage.

2

TO SATISFY YOUR LENDER

If you have a car loan, most lenders require you have insurance to protect their interest in your car.

3

TO PROTECT YOUR ASSETS

Auto insurance can provide bodily injury and property damage liability coverage for accidents that happen to others for which you are responsible. Liability insurance also will pay the cost of an attorney to protect you if you're sued. The state-required minimum coverages are usually not enough to fully protect you and your assets. Auto insurance also may cover the cost of accident-related repairs to your insured car, as well as your accident-related medical bills and lost wages.

KEEP INSURANCE ID IN CAR

You must keep proof of insurance in your vehicle at all times, or you may be issued a ticket. You can use your smartphone or other mobile device to show proof of insurance. Failure to maintain proof of insurance could lead to a suspended license.

YOUR RESPONSIBILITIES

An automobile insurance policy is a legal contract. It explains your rights and responsibilities and those of the insurance company. Keep your policy in your home files and know the name of your insurer.

You should read your policy and be sure you understand it. If you have questions about your insurance policy, contact your insurance agent or company.

When you buy auto insurance, you'll receive a policy. If you don't receive a policy within 30 days, contact the insurance company. If you need contact information for an insurer, check their website, call your agent, or contact this department at 1-800-726-7390.

COVERAGES IN AN AUTO POLICY

An auto insurance policy usually has several types of protections or "coverages" – some required and some optional. Some coverages may automatically be part of your policy, but some coverages are optional. You must decide what coverages best fit your needs, which may mean choosing to carry higher limits than required.

The state requires your policy include the following coverage, and each may be priced separately.

REQUIRED – LIABILITY 25/50/25

Bodily Injury Liability - \$25,000 per person and \$50,000 per accident. This covers injuries to others caused by you

Property Damage Liability - \$25,000 per accident. This coverage pays for damages you cause to someone else's car or to objects and structures your car hits.

Uninsured Motorist - \$25,000 per person and \$50,000 per accident. This covers injuries to you and your passengers caused by an uninsured or hit-and-run driver.

REQUIRED BY LENDER IF YOU HAVE AN AUTO LOAN

(IF NO LOAN – OPTIONAL)

COLLISION

Covers damage to your car from hitting an inanimate object, such as a tree, vehicle or house.

COMPREHENSIVE

Covers damage to your vehicle by theft, vandalism, hail, flood, fire or animals.

OPTIONAL

UNDERINSURED MOTORIST COVERAGE

Coverage pays when an at-fault driver doesn't have enough insurance to fully pay for your loss. You must carry at least double the at-fault person's limit of coverage. So, consider a higher limit for underinsured coverage if you elect to carry this type of coverage

MEDICAL PAYMENTS

This coverage pays for treating injuries to you and your passengers. This coverage is typically used for initial out-of-pocket medical expenses.

ADDITIONAL OPTIONAL COVERAGES

- Rental reimbursement, which pays for a rental while your car is being repaired for a covered loss
- Towing or Roadside assistance
- After-market or customized installations, such as stereos, wheels, lift kits
- Transportation Network Company (TNC) or Business use coverage (examples - Uber, Lyft, delivery driver)

UNDERSTANDING YOUR DECLARATIONS PAGE

This page provides policy details. Know how to read your declarations page to better understand your coverage.

1 Policy period: When coverage begins and ends

2 Limits: The most your policy will pay

3 Deductible: What you pay

Your Insurance Company
3535 Second St.
Company Town, USA 54321

Policy number XX-XXXXXX-XX

1
Policy period: 6 months Effective date: Aug. 1, 2020 Expiration date: Feb. 1, 2021

Auto Insurance Policy <SAMPLE>

Year	Make	Model	Vehicle ID number (VIN)
2011	Chevrolet	Camaro	2FZMPONW34XB56094

Lienholder

The Bank 310 Main St., Company Town, USA, 54321

2

Coverages	Policy limits
Liability: Bodily injury	\$100,000 per person \$300,000 per accident
Liability: Property damage	\$100,000 per accident
Uninsured motorist	\$100,000 per person \$300,000 per accident

3

Deductibles	
Collision	\$1,000
Comprehensive	\$500

5
Policy premium \$640

4

Optional coverage	Limits
Underinsured motorist	\$100,000 per person \$300,000 per accident
Medical payments	\$1,000
Roadside assistance	\$100 per occurrence
Rental car reimbursement	\$30 per day \$1,000 maximum

6
Discounts applied
Multiple vehicle
Home/Auto/Life
Mature driver
Claim record/Customer longevity
Air bags/Anti-lock brakes
Premium paid in full

Your policy consists of this page, any endorsements and the policy form. Keep together.

4
Optional coverage: Can be added for more protection

5
Total premium: Your cost for policy period

6
Discounts: Number of discounts applied to policy

SMART SHOPPING

Different insurance companies charge different rates for the same coverage. Also, not all insurance companies provide the same level of claims service. So, it makes sense to shop around for the best insurance company for your needs.

Insurance companies use one of three methods to sell their products.

INDEPENDENT AGENTS

represent several companies and can give you several quotes

EXCLUSIVE (CAPTIVE) AGENTS

only sell the products of one insurance company

DIRECT MARKET

sales are done direct with the company online, or by mail or telephone

The insurer – not you – usually pays the agent. The insurer may pay the agent a percentage of your premium as a commission. An agent who is salaried may receive bonuses for sales. You can find insurance companies and agents by asking friends and neighbors, browsing the internet, or various other advertisements.

Customer service is important to most consumers, particularly when they have a claim. A complaint index gives you a sense of how well an insurer serves its customers. You can find a complaint index, as well as license or contact information, for Missouri insurance entities at insurance.mo.gov

It is illegal for unlicensed insurance companies or agents to sell insurance. Business cards and websites aren't proof that an agent is licensed. If you buy insurance from an unlicensed agent or company it may not pay your claims or, if you cancel your policy, it may not refund your premiums.

TOP 5 AUTO POLICY OVERVIEW

Have you ever had time to sit down and thoroughly read an auto insurance policy before buying one? As an informational resource, our department now gives you a chance to review and compare coverage options for the top five auto carriers in Missouri.

INSURANCE.MO.GOV/AUTO

DETERMINING YOUR RATE

Several factors determine your auto insurance rates, such as age, gender, and marital status. People under 25, males, single people and families with young drivers in the household tend to have more accidents and therefore pay higher premiums. Accident rates (and premiums) also tend to increase for people over 65. Insurance companies can base premiums on all insured drivers in your household, including those not related by blood, such as roommates.

- Age, gender, marital status
- Make, model, year of vehicle
- Amount and types of coverage
- Amount of deductible
- Where you live and who you live with
- Vehicle use, including annual mileage
- Driving record and claims history
- Credit based insurance score
- Prior insurance coverage or lapses
- Length of time as customer
- How many cars or policies insured
- Protection devices
- Student grades
- Defensive driver or student driver course
- Use of telematics device

PAY PROMPTLY

There is no grace period for late premiums. One late payment could get your policy cancelled. If premiums aren't paid, claims won't be paid.

YOUR POLICY CAN BE CANCELLED

State law allows your insurance company to cancel your policy for any reason during the first 60 days. The insurance company may decide not to renew your policy when it expires. You must be notified in writing at least 30 days before the expiration date.

DEDUCTIBLES

A deductible is the amount you have to pay out-of-pocket on a claim before the policy pays the loss. Higher policy deductibles means lower policy premiums. A policy with a \$1000 deductible has a lower premium than the same policy with a \$500 deductible. Having a higher deductible is a good way to save money on your auto insurance premium. But be sure you can afford the deductible in case you have a loss.

Collision deductible	\$500	YOU PAY	INSURANCE COMPANY PAYS
Cost of repair	\$6,000	\$500	\$5,500

YOUR VEHICLE'S VALUE

Your vehicle may seem priceless to you, but it's worth a certain amount when it comes to insurance. Your insurance company will determine if your car can be repaired or if it's a total loss.

VEHICLE'S ACTUAL CASH VALUE – HOW IT'S DETERMINED

If your vehicle is a total loss, an insurance company must pay actual cash value (or fair market value), which can be determined by using the below information:

- Surveying dealers in your area
- Industry guides, such as NADA, KBB, Edmunds, etc.
- Evaluation services such as CCC and ADP AutoSource
- Whether the vehicle has a salvage title
- The car's wear and tear and pre-existing damage

When disputing your company's offer, you must prove your vehicle is worth more.

▶ This department can't determine your vehicle's value

Bumper stickers lower your vehicle's value. **Ask your agent or company** about other modifications or personalization that may reduce the value.

ACCIDENTS HAPPEN

When you file a claim, your insurance company may send an adjuster, request photos, or have you take the vehicle to a repair shop to determine the cost of the repairs.

AFTER-MARKET PARTS ALLOWED FOR REPAIRS

Missouri law allows insurance companies to use after-market or used parts instead of original equipment manufacturer (OEM) parts when estimating repairs on your car. However, all after-market or used parts must be identified on the repair estimate.

BODY SHOP: IT'S YOUR CHOICE

You can choose which auto body shop will repair your vehicle. However, if the insurance company has a lower estimate from another shop, they'll only pay that amount.

DIMINISHED VALUE IS YOUR CAR WORTH LESS?

If your vehicle has been in an accident and repaired, it may not be worth its actual cash value when you sell or trade it. Diminished value is the reduction in a car's resale value after it has been wrecked and repaired.

State law does not require your own insurance company to pay for diminished value. However, if someone crashes into your car and you make a claim under the other driver's policy, diminished value could be recovered, subject to approval by the other driver's insurance company. **EXAMPLE** – Your car may be worth \$1000 less after it's repaired. The other driver's insurance company pays you the cost of repairs plus \$1000. This extra payment compensates you for the diminished value of your car. There is no state mandate for diminished value to be paid for either 1st or 3rd party claims.

MITIGATION

If you are in an accident, you are obligated to minimize expenses. For example, you can avoid storage fees a body shop may charge by allowing the insurance company to move the car to a storage free lot, or by keeping your car at home until the insurance claim is settled.

RENTALS

If you carry rental coverage on your own policy, the terms of your policy will be followed if you need to use a rental. If someone else is at fault for the accident, their insurance company will typically issue a rental while the car is getting repaired or until they make a settlement offer, but is not mandated to do so. An insurance company may not be responsible for extra fees associated with issuing a rental, such as extra insurance.

TO FILE OR NOT TO FILE A CLAIM

If you request payment from your company by filing a claim, you may receive an increase in your insurance premiums, even if you don't collect anything. If you are in a one-car accident with no injuries or damage to other cars or property – and the damage to your car is about the same as your collision deductible – you may consider paying for the repairs yourself to avoid higher premiums in the future. However, if another driver or someone else's property is involved, or if you have a passenger, you should immediately notify your insurance company to protect yourself in case the other party files an insurance claim or lawsuit.

READ YOUR POLICY

Your policy guide is your guide to what types of losses will and won't be covered, and if you should or shouldn't file a claim.

THERE ARE TWO TYPES OF INSURANCE CLAIMS

FIRST PARTY – When you make a claim on your own policy

THIRD PARTY – When you make a claim on someone else's policy

STEPS TO FILING A CLAIM

- Call the phone number on your proof of insurance card as soon as possible, or file the claim online
- Have your policy information ready when you call
- Ask about forms or documents you'll need to support your claim
- Give details about the accident
- If available, provide a police report or incident number
- Find out who your adjuster is and get your claim number
- Cooperate with the investigation and keep track of dates and conversations

If the accident involves an uninsured driver notify the police and your insurance company and report it to the Missouri Department of Revenue. Accident report forms can be obtained at dor.mo.gov.

ACCIDENTS HAPPEN

WHAT TO DO

Missouri is a comparative fault state, meaning anyone involved in an accident may be partially responsible for it. Your responsibility for damages is determined by the percentage you are at fault.

- Turn off your car (a gas leak could cause a fire)
- Call the police
- Exchange information with the other driver and police if there is property damage or injuries: Name, address, driver's license and vehicle identification numbers, make and model of vehicle, insurance company name and policy number.
- Be courteous – do not admit fault
- Get witness contact information
- Photograph the damage and license plate
- Write down what happened
- Call your agent and/or insurance company soon after the accident
- If the police don't come, call and ask where to file an incident report

DOWNLOAD THE FREE WRECKCHECK APP

The free app walks you through the crucial steps to take if you're in an accident. You can download it from the Apple App Store or Google Play Store.

INSURANCE **CONSUMER HOTLINE**

800-726-7390

For questions about your
insurance policy or to file a complaint
against an insurance company or agent:

insurance.mo.gov
800-726-7390

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