

Automobile Insurance

An insurance policy constitutes a contract by which a company promises to pay to or on behalf of an insured certain losses under specified conditions. Automobile insurance contracts generally spell out the dollar limits of coverage and the conditions applicable to a loss occurrence.

Property/casualty insurance was once sold almost exclusively by agents, either representing one company or by independent agents representing several companies. Insurance companies selling through captive agents and/or by mail, telephone or via the Internet are called “direct writers.” In the 1990s, these distinctions blurred as insurers began to use multiple channels to reach potential customers. The sale of insurance via the Internet remains a small portion of total sales. Following is a general description of coverages; coverage varies based on your specific auto policy. It is important to read your policy and discuss any limitations or exclusions with your insurance agent or company representative.

Policy Contents

Most automobile insurance policies are composed of several interrelated parts: the declarations, coverages, supplemental payments, definitions, exclusions and conditions.

- **Declarations.** The declarations section serves to personalize the policy by listing the pertinent information described in the policy, including the insured’s name and address, the policy number, the type of policy, dollar limitations on various types of coverage, descriptions of vehicles covered, deductibles, policy effective dates, any endorsements which modify the basic coverages and, if applicable, the names of any other lending organization or person to whom payment is to be made in the event of a loss.
- **Coverages.** Each automobile insurance policy provides several types of coverage, and each has a specific function. Common coverages are:
 - **Bodily Injury Liability.** This protects you, up to the dollar amount stated in your policy, against the financial consequences of a loss arising from injury to another person or persons from an automobile accident for which you are legally to blame. Defense costs are in addition to the limits of liability.
 - **Property Damage Liability.** Similar to bodily injury coverage, except that it protects you against a claim for damage to another person’s automobile or other property, in an accident for which you are legally liable. Defense costs are in addition to the limits of liability.
 - **Medical Payments.** Pays for medical or funeral expenses, up to the amount of insurance you purchase, for you and others injured or killed while riding in your car, no

matter who caused the accident. It also covers you and resident members of your family if struck by a car as a pedestrian or if riding in another car.

- **Uninsured/Underinsured Motorists (UM/UIM).** Provides injury coverage to you and passengers, up to the policy limits, when involved in an accident caused by the owner or operator of an uninsured vehicle, a hit and run or when the at-fault driver's policy limits are insufficient to cover losses.
 - **Collision.** This coverage pays for damage to your car caused by impact with another object or an overturn, irrespective of fault. The collision coverage usually includes a deductible. This means you pay the first \$250, \$500 or whatever you select as your deductible for repairs to your car and the company pays the rest.
 - **Comprehensive.** Pays for damage to your car caused by something other than collision or upset. You're usually covered for fire, theft, missiles, falling objects, larceny, explosion or earthquake, tornadoes and windstorms, hail, water, flood, malicious mischief, vandalism, riots, civil commotion and contact with a bird or animal. Like collision, comprehensive coverage generally includes a deductible.
 - **Supplemental Payments.** Provides for payment over the limits of liability noted in your policy, for expenses incurred by the insurance company, all costs taxed against you in a court suit, attorney's fees, bail bonds (up to a certain amount) and related costs. It also covers reasonable expenses you incur at the request of the insurer. Most policies cover up to \$50 a day for wage losses if attending a hearing or trial at your insurer's request. A basic provision of automobile liability insurance contracts is the promise of the insurance company to defend any suit alleging bodily injury or property damage and seeking damages which are payable under the policy even if any of the allegations of the suit are groundless, false or fraudulent. Coverage for legal expenses is a direct benefit to policyholders, expenses they would incur if it were not for the insurance policy.
- **Definitions.** This section of the insurance policy defines the various terms used in the policy.
 - **Exclusions.** Exclusions clarify the intent of the insurance policy by explaining the situations in which the policy will not cover you or the insured vehicle. You may be able to "buy back" coverage for certain exclusions by adding endorsements to the policy. Policyholders should pay special attention to this section and should be aware that the policy does not cover all things under all circumstances.
 - **Conditions.** This section establishes the conditions that must be present or complied with by the company and/or the insured. Examples of conditions include time-period restrictions, duties in the event of a claim, proof of loss, cancellations, etc.

NEVADA'S FINANCIAL RESPONSIBILITY LAWS

Nevada has a compulsory financial responsibility law. Every motorist in Nevada is required to carry auto liability insurance. The minimum amounts of liability insurance that satisfies financial responsibility law requirements are:

- **\$15,000** for any one person killed or injured in an accident caused by the policyholder;
- **\$30,000** as a total limit for all persons killed or injured in an accident;
- **\$10,000** for property damage caused in the accident.

If you feel that these limits are not sufficient or if you have assets to protect, you may purchase higher amounts of coverage than the minimum required.