

KENTUCKY CONSUMERS' GUIDE TO AUTO INSURANCE

There are several parts to a car insurance policy. Each has a separate purpose, a separate price and may be bought in different amounts.

KENTUCKY LAW REQUIRES

Bodily Injury and Property Damage Liability

This coverage protects you and drivers of your car if the car injures or kills other people or damages their property. The minimum limits in Kentucky are \$25,000/\$50,000/\$10,000 or \$60,000 single limit. This is \$25,000 for bodily injury liability for each person in an accident, \$50,000 total for each accident and \$10,000 property damage liability for each accident. The single limit coverage is applied to the total bodily injury and/or property damage claim. Meaning, that for any accident there would be no separation of coverages from bodily injury and property damage, all claims up to \$60,000 would be combined and paid.

Personal Injury Protection (PIP)

PIP is the no-fault coverage. If you are injured in an automobile accident, benefits will be paid regardless of who caused the accident. PIP benefits cover:

- medical expenses including rehabilitation services and burial expenses (\$1,000 maximum for burial expenses); and
- loss of income by the injured person; and
- replacement service loss for necessary services the injured person would have performed for himself or his family.

The payment for loss of income and replacement service is limited to a maximum of \$200 per week.

With the basic coverage, the ceiling on PIP benefits is \$10,000. You can buy more coverage for an additional charge.

An individual may reject this coverage by filing a rejection form with the Kentucky Department of Insurance. The form can be obtained from your agent, your company, or the Department. If you reject the PIP coverage, a determination of who was at fault in the accident must be made before benefits will be paid. There will be a charge for PIP coverage whether you reject or not. The law requires that you provide this coverage for the guests in your car. If you reject the No-Fault coverage to retain your right to sue, you may have the option of buying back the PIP coverages for additional premium.

Uninsured Motorist Coverage (UM)

Uninsured motorist coverage will be included in an automobile liability policy delivered in Kentucky unless you reject the coverage in writing to the company. This is done at the time you make application for a policy.

The minimum uninsured motorist coverage is \$25,000 for bodily injury coverage per person and \$50,000 per accident or \$60,000 combined single limit. You, as the insured, or a

member of your family will be paid for an injury caused by a hit-and-run driver or a driver without liability insurance. Uninsured motorist coverage does not apply for damage to your vehicle. It pays only for bodily injury. Uninsured motorist coverage also provides for the difference between the amount of insurance required by our state and the amount carried by the other person, up to the limits of your coverage.

ADDITIONAL COVERAGE YOU MAY WISH TO PURCHASE

Underinsured Motorist Coverage

Insurance companies are required to make this coverage available upon request by the policyholder.

If you have this coverage, your insurance company will pay you, within the limits of your coverage, for damages to you from an automobile accident injury that exceeds the limits of the responsible driver's policy. Underinsured motorist coverage does not pay for damage to your vehicle. It only pays for bodily injury.

Collision Coverage

Collision insurance covers damage to your vehicle caused by collision or upset, regardless of who is to blame for the accident.

A deductible, that portion of the damage you pay, can be requested by the policyholder.

Comprehensive Coverage

Comprehensive insurance covers damage to your vehicle from losses other than by collision or upset. Comprehensive losses result from fire, theft, vandalism, flood, falling objects, colliding with a bird or animal, etc. Glass breakage is included under comprehensive coverage. If this coverage is purchased with a deductible, that deductible cannot apply to glass breakage in the windshield, doors, and windows and the glass of other materials used in the lights required on an automobile.

Factors Determining What You Pay for Auto Insurance

Comparison shopping for car insurance is worth it. Premiums are based on a number of factors and may vary from one company to another for the same policy. Companies take into account factors which affect the chances of your having an accident. The higher the risk, the higher the premium.

Generally, the premiums are based on:

The amounts and types of coverage you buy. The higher the limits and the broader the coverage, the more you will pay.

Your driving record. Persons with no accidents or violations will pay less.

Your age, sex and marital status. For example, young, single, male drivers generally pay more than any other group.

Where you live. The state is divided into territories for rating purposes. Generally, people in metropolitan areas pay more than those in less congested places. In some states there are laws and regulations that will also affect rates.

How you use your car. For example, carpooling or the number of miles you drive to and from work and the number of miles you drive annually.

The type of car you drive. It costs more to repair some cars than others and companies charge accordingly.

Your automobile insurance premium will also include the 1.5% state surcharge and the applicable municipal premium taxes if any.

You may lower your premiums if you:

DRIVE SAFELY. IT AFFECTS YOUR CAR INSURANCE RATES SUBSTANTIALLY. Every time you have an at-fault accident, you risk having your premium raised or your policy cancelled. If you have accidents or convictions of certain violations you may also be charged more for insurance.

Be a Comparison Shopper

Once you determine the insurance premiums factors that apply to you, you can shop for the company that will make a firm commitment to insure you. Always remember, you want adequate coverage and efficient policyholder service. **IMPORTANT!** A low premium rate is not the only factor to consider. The insurer should have adequate claims service in your community. Friends and neighbors may tell you about companies that serve them well. You may be better off paying a few more premium dollars for better service from an insurance agent or company representative you can rely on.

Other alternatives to consider are:

Deductibles. The higher deductible you have, the lower the premium. For example, going to a \$250 deductible from \$100 deductible on collision should result in a good amount of savings on your total premium.

Reduce or eliminate collision and/or comprehensive coverage on an old car.

There are a variety of discounts offered by different companies. For example, some companies offer discounts to certain individuals who have completed driver education courses, good student discounts and discounts for drivers age 55 and over who have taken a driver education course. Some companies also offer substantial discounts if you have more than one car insured with them. The agent will have all the information on any discounts offered by the company he represents.

The Kentucky Department of Insurance, Post Office Box 517, Frankfort 40602, will mail to you, upon request, a comparison of various companies writing auto insurance in this state using their rates on specific examples in addition to those shown in this publication. These will be updated periodically but are meant to be used for comparison only and are not intended to show the exact premium you will be charged.

Cancellation and Nonrenewal

A policyholder must be mailed written notice that his automobile liability policy is being cancelled or nonrenewed at least 20 days prior to the effective date of the cancellation or nonrenewal. The time is reduced to 14 days when the policy is cancelled for nonpayment of premium.

The reasons for cancellation or nonrenewal must be given in the notice. Age, sex, religion and national origin are not acceptable reasons. Any other reasons can be given for nonrenewal. Within the first 60 days after a policy has been issued it can be cancelled for any reason.

After 60 days, the only reasons for cancellation are nonpayment of the policy premium or suspension or revocation of the driver's license or vehicle registration. Therefore, an insurance company can refuse to renew a policy but cannot cancel a policy except for very limited reasons.

Kentucky Automobile Insurance Plan

If you have difficulty obtaining automobile insurance, you may apply for insurance coverage through the Kentucky Automobile Insurance Plan by contacting your local agent. If you have a valid driver's license and have been unable to obtain insurance at rates equal to or less than those of the Plan, you will probably be eligible for coverage in the plan.

Coverage available through the plan is limited to that required by law. Bodily Injury and Property Damage Liability, Personal Injury Protection and Uninsured Motorist. However, amounts higher than the legal minimums for Bodily Injury and Property Damage can be purchased. No comprehensive or collision coverage is written by the plan. Therefore, the plan does not provide any insurance protection for your vehicle.

Proof of Insurance

Effective January 1, 1985, proof of valid insurance is required prior to issuance of and/or renewal of a vehicle registration license. Each insurer using an insurance contract providing automobile liability insurance is required to issue written proof that the insured has in effect an insurance contract providing coverage in conformity with KRS Chapter 304.39. Contact your agent and/or company if you need additional information or have not received notification of such proof of insurance.

KENTUCKY CONSUMERS' GUIDE TO HOMEOWNERS INSURANCE

Insurance Policy

The insurance contract or policy contains several standard sections: declarations, insuring agreement, conditions and exclusions.

The declaration section states the:

- persons insured;
- description of the insured property;
- limits of coverage, that is, the maximum that will be paid for a loss; and
- date and time coverage begins and expires.