

Do you understand your Auto Insurance Coverage?

by Monica Swaida, Lowell, MA



In Massachusetts, every driver is required to have at least liability insurance to drive a vehicle. There are 12 parts to choose from with 4 of the part being compulsory.

Part 1, BI (Bodily Injury)

This covers you within Massachusetts, pays for you and any other vehicle involved in an accident. This doesn't cover you if you are out of Massachusetts. It doesn't cover your guest in your vehicle either. The limit is 20/40 and it can't be increased.

Part 2 is PIP (Personal injury protection)

This has a limit of \$8000, this would pay for you, your guest, family members and friends living or not living in your home.

Part 3: UIM:(Uninsured motorist)

This is also a compulsory part, it pays for uninsured motorist such as hit and run, someone driving without a license etc.

Part 4: PD: (Property Damage)

This pays for damage caused to someone else's property. The minimum required by the state is \$5,000.

These four parts are the requirement for one to be able to drive a car here in

Massachusetts. Because the first 4 parts are the compulsory this Insurance doesn't mean that it's the safest insurance.

Take for instance Part 1. If you drive out of Massachusetts, and you hit someone in NH a State just next to us, you aren't covered in that state. And assuming you have your child in the vehicle with you and there was an accident, your child isn't covered either! You see why this is a very dangerous choice to make. But there is good news! Part 5.

Part 5 is optional bodily injury.

This covers everything that Part 1 doesn't cover. Plus you can increase your limits here.

The most popular limits are 20/40. What does this mean? \$20,000 per person, and \$40,000 for total accident. Assuming, you were in a vehicle with your friends and you all were involved in an accident, which was the fault of the driver, you take the other party to court etc. All you and your colleagues will be entitled to get will be the maximum of \$40,000 even though you deserved more than that.

People go for minimum instead of safest.

This brings me to the point of what I have been trying to stress here. Most people always want to get the minimum insurance, even though they have assets like homes, liquid cash, and other valuables. If the limits you have is too small, the other party's lawyer has a right to go after all you have. They are very good at it, because they get minimum of 1/3 of gains.

The minimum a homeowner should have should be at least 100/300 limits, which covers \$100,000 per person and up to \$300,000 per accident. You will be surprised to know that the price difference isn't that much. It's always better to be safe than sorry. It's always better to ask the correct questions instead of shopping around for quotes. Quotes are good, but don't let an insurance agent looking to close a deal sell insurance to

you that might be \$50 or more dollars cheaper than others. You might be setting yourself up for a fall because you might get a cheap deal, but at what cost?

In my years of being an insurance agent, I have seen lots of people bring their insurance policies to me to take a look at. I am shocked at what I sometimes see. Some people even have deductibles in Part 2, the PIP has a potential deductible of up to \$8,000 If you have that deductible, then what is really covered on part 2? The max is \$8,000 and the deductible is \$8,000. This means technically you have no coverage for that part.

It is very important to ask questions when you are buying insurance. There is nothing like a stupid question. Ask and you will know. If you don't ask, you will be in darkness. Also remember that your agent works for you. That is why you have an agent. Next time, I will cover part 6 through part 12.

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