



Auto Insurance Buyer's Guide

Purchasing auto insurance can seem quite easy to do online or over the phone. However, it is very important to know what types of coverage are available so you can build a policy that is right for you. The perfect policy is the one that combines coverage that adequately protects your needs, with a price tag you can afford.

The guide below gives you some basic knowledge of the **Primary Coverages** that all carriers offer along with **Optional Coverages** that some carriers offer but others do not. Also, be sure to read the section on all the potential discounts that may be available to you.

PRIMARY COVERAGES

Bodily Injury Liability (BI): Coverage designed to pay claims against you and the cost of your legal defense if while driving your auto you injure or kill another person. This coverage is required by law, but you are allowed to choose your liability limits.

***Pro Tip** - Auto accidents are a leading cause of injury lawsuits. If your liability limits are exceeded in the lawsuit, the other party may choose to come after your personal assets. For that reason, we always recommend having higher limits to reduce your risk.*

Property Damage Liability (PD): Coverage designed to pay claims against you and the cost of your legal defense if while driving your auto you cause damage to the property of others.

Personal Injury Protection (PIP): This coverage is designed to pay reasonable expenses for medical services, a funeral, loss of income and loss of services which result from a covered automobile accident. Coverage is provided for you, your family members, and passengers in your covered vehicle.

***Pro Tip** - PIP is an optional coverage but is very nice to have if you can afford it. If you were injured in an accident and did not have PIP, you would be forced to rely on your health insurance to cover your injuries. We've found that in many cases, health insurance plans have high deductibles, co-pays and other coverage limitations that can result in significant out of pocket costs for you.*

Collision Coverage: Coverage designed to pay for damages to your auto resulting from impact with another vehicle or object.

Comprehensive (Other than Collision) Coverage: This coverage provides payment for damages other than those caused by impact with another vehicle or object. Includes damages resulting from fire, theft, flood, hail, vandalism, etc. Comprehensive coverage also covers glass chip repair and windshield replacement.

***Pro Tip** - Several of our carriers offer Full Glass Coverage at an additional cost. This means that if you needed to have a broken windshield or window replaced, your insurance would cover the full cost of replacement without a deductible. If you drive a lot and have windshield damage often, this is a very nice coverage to have.*

Underinsured and Uninsured Motorist Bodily Injury Coverage (UIMBI): This coverage pays for your medical bills and injuries after the other driver's coverage has been exhausted. This is protection against drivers who have no liability insurance or some liability insurance, but not enough to cover your injuries.

***Pro Tip** - This coverage is crucial, particularly in Washington, where we have a large percentage of people driving uninsured. Accidents with uninsured drivers also tend to be the most severe so having enough coverage to pay for large medical bills is very important.*

Uninsured Motorist Property Damage (UIMPD): This coverage pays out at a lower deductible to repair your vehicle if it is damaged by an uninsured driver or in a hit and run scenario.

Roadside Assistance: This covers you if your vehicle breaks down and needs a tow or other type of roadside assistance (think changing a tire, pop a lock, replacing a battery, etc.)

***Pro Tip** - The extent of this cover does vary significantly from carrier to carrier so be sure to ask how an insurance companies Roadside Assistance program works if this coverage is important. Key questions would be: How far will they tow me? Does the company have local tow companies that they contract with or do I find my own tow company and then get reimbursed later?*

Extended Transportation Coverage / Rental Car Reimbursement: This coverage pays for you to rent another car if your vehicle is in the shop being repaired after an accident. It would also extend if your car was stolen to cover until your claim is settled.

OPTIONAL COVERAGES

The following coverages are offered by some companies but not by others. They are not considered to be primary coverages but can be very important to you to have and certainly beneficial to understand.

Auto Loan / Lease (GAP) Coverage: If your car is less that 2-3 years old and is being financed, this is an important coverage to consider. It pays the difference between your loan balance and the actual value of the car at the time of loss if your vehicle was totaled in and accident. So, if you owed more on your car that it was worth at the time of the accident, this would cover the difference and pay off the loan.

New Vehicle Replacement Coverage: If you buy a brand new vehicle, the insurance company will pay to buy you a brand new car, rather than paying on an actual cash value (depreciated) basis. This coverage generally only extends for one year after purchase.

OEM Parts Coverage: Unless a vehicle is a brand new model, insurance companies will almost always choose to use after-market or even used parts to repair your vehicle in the case of an accident. For most vehicles this is not a problem because the auto industry produces after-market parts that are very similar to what the original manufacturer used. Adding this coverage allows your adjuster to only use brand new parts straight from the manufacturer.

Audio Visual and Custom Parts Coverage: Allows you to add coverage for any customizations that you make beyond what the vehicle comes with from the factory. This would include things like custom wheels, lift kits, stereo systems, tinted windows and many more.

***Pro Tip** - Did you know that your auto policy only covers repairing or replacing your vehicle as it came from the factory. If you do not add coverage for customizations you make, they will not be covered in a claim.*

Ride Share Endorsement: Provides coverage while driving for any Transportation Network Company, such as Uber or Lyft, while the App is turned on, but a rider has not been accepted.
First Ticket and First Accident Forgiveness: Your first traffic ticket or at-fault accident would be forgiven. This means they will not surcharge your policy as they would otherwise at your next renewal. Some carriers allow you to earn this over time with a good driving history while other allow you to pay extra to have it in place when you start the policy.

***Pro Tip** - This coverage is worth its weight in gold when you have young drivers on your policy because: (a) they are statistically much more likely to get into an accident and (b) insurance companies charge you a whole lot more when they do.*

Vanishing Deductibles: This is a nice additional feature that lowers your deductible by a certain amount (usually \$100/year) for each policy period that you do not have an At-Fault accident.

DISCOUNTS THAT MAY BE AVAILABLE TO YOU

Insurance companies often use hundreds of different variables to determine your insurance rate. However, there are several additional discounts that many companies offer that can further reduce your rate.

Multi Policy: Often the largest single discount on an auto policy is to bundle your Auto policy with your Home policy. However, additional lines of business-like Umbrella Policies, Landlord policies, RV's, Motorcycles, Boats, etc... can all give small additional discounts that can add up.

Multiple Vehicle: When you have more than one vehicle on your auto policy, insurance companies discount the cost of both vehicles. This is why it almost always makes sense for people who are married or domestic partners to share an auto policy.

Accident / Violation Free: Not surprisingly, carriers like it when you don't make claims and get tickets. When you have had a clean record for a certain amount of time (usually three or five years) insurance companies will give you an additional discount.

Low Mileage: Some carriers give you a discount based on how much you drive a year. Normally, anything less than 8000 miles per year is considered to be lower mileage and may be worthy of a discount.

Telematics Device: Several Insurance companies now offer additional discounts of 20-40% if you allow them to track your driving habits for a period of time. Some companies send you a device to plug into your cars computer while others use app-based technology to track from your cell phone.

To this point, these devices track mileage driven, fast accelerations and hard braking, along with what time of day you drive. Speed is not yet monitored but may be in the future.

***Pro Tip** - This is widely considered to be the wave of the future as insurance companies harness technology to try to determine the risk of individual drivers more accurately. Sometime soon it may become the biggest determining factor of insurance premiums for drivers, but for now it is a great way to save extra money AND improve your driving habits.*

Affinity Discounts: Many carriers offer discounts if you are members of certain groups or associations. AAA and AARP are perhaps the most widely known groups that command discounts from insurance providers. Some insurance companies however give smaller discounts for members of everything from Fraternities to Sports Associations.

We trust that this Buyer's Guide has been helpful and answered some questions. Please feel free to contact us for more information or sharing your concerns. As we said, the perfect policy is the one that combines coverage that adequately protects your needs, with a price tag you can afford. Let's get started...



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