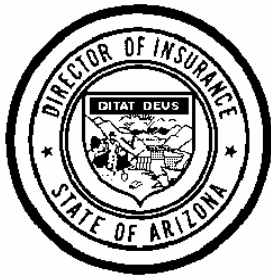


ARIZONA DEPARTMENT OF INSURANCE

A Consumer Guide to AUTOMOBILE INSURANCE



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The purpose of this guide is to help consumers comparison shop for automobile insurance.

March 2007

Auto insurance can be an expensive purchase. No one wants to pay more than necessary for auto insurance. This brochure provides information that can help you lower the cost of auto insurance and increase the value.

WHY SHOULD YOU BUY AUTO INSURANCE?

If you cause an automobile accident, you may be responsible for the losses of the other people involved. A claim may be made or a lawsuit filed against you for these losses. You may have to pay for the property damage you cause, and for the medical expenses, lost wages, and the pain and suffering of any injured person.

If you do not have any insurance, your money, property and other assets may be taken to pay for these losses. Automobile liability insurance will help protect you so that this does not happen. Liability insurance also pays for a lawyer to defend you against any claim or lawsuit.

You can also buy insurance to cover your injuries or damage to your automobile. These optional coverages will help pay for your losses whether or not you caused the loss.

COVERAGES ARE YOU REQUIRED TO BUY

Arizona has a financial responsibility law. It is designed to make sure that any motorist licensed to drive in Arizona has insurance or enough money to pay for damages to others that may be caused by an operator of a motor vehicle.

Bodily Injury Coverage

You **must** buy bodily injury coverage. Bodily injury coverage is a type of liability insurance. It pays for medical expenses, lost wages, and pain and suffering that you cause (for which you are legally responsible or liable) to others due to an automobile accident.

Bodily injury coverage **does not** pay for **your** medical expenses, lost wages, and pain and suffering from any accident. To pay for your injuries and expenses you may buy medical payments coverage, uninsured motorist coverage, and underinsured motorist coverage.

If you do not have any or enough bodily injury coverage and you cause an accident, a court may

order you to compensate the people you hurt in the accident. To decide how much bodily injury coverage you should buy, you must decide **(1)** how much coverage you can afford to buy and **(2)** how much of your assets you would be willing to lose if you cause a serious accident. You must buy at least the minimum bodily injury liability limits, but you may buy coverage with higher limits.

The minimum required bodily injury coverage is:

- \$15,000 for the injury or death of one person in any one accident.
- \$30,000 for the injury or death of two or more people in any one accident.

Property Damage Coverage (split limits)

You **must** buy property damage coverage. Property damage coverage is a type of liability insurance. It pays for the property damage that you cause due to an automobile accident, including damage to buildings or other vehicles or their contents, and damage to fences and road signs.

Property damage coverage **does not** pay for damage to **your** vehicle. To pay for damages to your vehicle you may buy collision and comprehensive coverage.

You must buy at least \$10,000 of property damage coverage in Arizona, but you may buy coverage with higher limits.

Bodily Injury and Property Damage (combined single limits)

An insurer may sell a motor vehicle policy that combines coverages for bodily injury and property damage claims under one liability limit. In Arizona, you must buy at least the minimum liability limit of \$40,000 if you buy combined bodily injury and property damage coverage. You may choose to buy coverage with higher limits.

OPTIONAL COVERAGES

Uninsured Motorist Coverage and Underinsured Motorist Coverage

It is your choice whether to buy **uninsured motorist** or **underinsured motorist** coverages. Uninsured motorist coverage pays for medical expenses, lost wages, and pain and suffering caused by an uninsured driver, a hit-and-run driver or a miss-and-run driver. Underinsured motorist

coverage increases your coverage for medical expenses, lost wages, and pain and suffering caused by a driver who does not have enough insurance to pay for these damages.

These coverages protect you, your family who lives with you, and your passengers. In most cases, your bodily injury coverage does not give you this protection. These coverages also protect you and your family who live with you when riding in someone else's vehicle, walking, riding a bicycle, or sitting on a porch.

Uninsured motorist and underinsured motorist coverages **do not** pay for damage to your vehicle or other property. You may buy collision coverage to pay for damage to your vehicle caused by an uninsured or underinsured driver.

Some drivers have no insurance or do not have enough insurance. The best way to protect yourself from damages caused by drivers who do not have insurance or do not have enough insurance is to buy uninsured motorist and underinsured motorist coverages.

You may buy uninsured motorist and underinsured motorist coverages in the same amounts or lower amounts as those you selected for your bodily injury liability coverage. You may *not* buy these coverages with limits lower than the minimum bodily injury limits required by law.

Collision Coverage

State law does not require you to buy collision coverage. But if you borrowed money to buy your vehicle or leased, the lender or lessor may require you to buy this coverage. Collision coverage pays to repair, replace or reimburse you for property damage to your insured vehicle. It pays for damage caused by a collision with another motor vehicle or with any other object, movable or fixed, including damages caused if your vehicle overturns. Collision pays for damages to your vehicle, even if an uninsured motorist or an underinsured motorist hits you or if you are responsible for the collision.

You may buy collision coverage with a deductible option. Your deductible will be the amount you

agree to pay from your own pocket for any damage. You may also buy collision coverage with different deductible amounts for each vehicle covered by your policy.

To decide if you should buy collision coverage, consider the value of your vehicle. Also think about how you would pay to repair your vehicle if you do not buy this coverage.

Comprehensive Coverage (also known as "Other Than Collision" coverage)

State law does not require you to buy comprehensive coverage. But if you borrowed money to buy your vehicle or leased, the lender or lessor may require you to buy this coverage.

Comprehensive coverage pays to repair or replace your insured vehicle due to a loss caused by an event other than a collision. Comprehensive coverage pays for damage from many causes, including theft, vandalism, fire, water, hail, wind, falling objects or impact with a bird or other animal.

You may buy comprehensive coverage with a deductible option. Your deductible will be the amount you agree to pay from your own pocket before your insurer will pay for any damage. You may also buy full safety equipment coverage to pay to repair or replace the windshield, windows, mirrors, as well as the glass, plastic or other material used in the lights of the vehicle, without having to pay the comprehensive deductible. In addition, you may buy comprehensive coverage with different deductible amounts for each vehicle covered by your policy.

To decide if you should buy comprehensive coverage, consider the value of your vehicle. Also think about how you would pay to repair your vehicle if you do not buy this coverage.

Medical Payments Coverage

It is your choice whether to buy medical payments coverage. It pays for reasonable medical, hospital and limited funeral expenses for you or others injured or killed while driving or riding in your vehicle even if you are legally responsible for the accident. To decide whether to buy this coverage, you may wish to consider whether it

would duplicate other medical coverage that you already have.

READ YOUR POLICY

The above descriptions are generalized. It is important that you review your policy to determine the precise terms of coverage.

HOW DO YOU SHOP FOR AUTO INSURANCE?

The only way you can make certain that you are not paying too much for your auto insurance is to shop around. Prices for the same coverages may cost two or three times as much with one company as another. However, price is not the only factor.

Shop Around. The key to comparison shopping is to know what insurance coverages you need before you start and then to find out how much those coverages will cost from several insurers. Comparison shopping takes time but will save you money. When obtaining premium quotations, it is important to provide the same information to each insurance agent or company. To give you an accurate quote, the agent or insurer will usually require at least the following information:

- The type of car you have.
- How many miles you drive to work.
- Any accidents or violations you have had.
- The age and driving history of all licensed drivers in your household.
- The location where the car is garaged.
- The coverages and limits you want.

Where to shop. Check the newspaper and the telephone directory for insurers and agents in your area. Ask your neighbors, relatives and friends for recommendations. Ask them about their experience regarding price and service, and ask them what kind of claim service they have received from the insurers they recommend. To find out if an insurance agent or company is licensed in Arizona, call the **Department of Insurance** at (602) 364-2499 in Phoenix, or (800) 325-2548 outside Phoenix, or visit our website at www.id.state.az.us.

Compare rates. The Department of Insurance publishes a premium comparison survey to assist consumers. We survey the insurance companies with regard to their rates for a number of locations

and typical drivers. The premium comparison survey can only be used to give you a general idea of the available rates. For specific information, you must contact individual agents or insurers. The premium comparison can help narrow the choices of insurers you want to call.

Consider the company's complaint record.

The Department of Insurance publishes a complaint study which indicates the number of written complaints the Department receives against an insurance company compared to the number of policies it has issued in Arizona. The figures used in the complaint comparison do not reflect a determination by the Department whether each complaint was justified. The comparison survey and complaint ratios are available on our web site at www.id.state.az.us or by calling (602) 364-2499 or (800) 325-2548 (outside Phoenix).

Ask about discounts. Here are some you should look for:

- Multiple Vehicles
- Good Student
- Anti-theft Device
- Good Driver/Renewal
- Driver Education
- Vehicle Safety Device
- Low Mileage
- Auto/Home Package

Consider higher deductibles. By requesting a higher deductible on your collision and comprehensive coverage, you may lower your premiums substantially.

Check for "Fringe" coverages. Many insurers offer towing services or rental vehicle reimbursement coverage, and some offer non-insurance products along with their insurance policies. Review coverages and products carefully before purchasing them.

Compare finance charges. Some Arizonans finance their insurance premiums. Some insurers provide "in-house" financing; other arrangements involve banks or finance companies. Just as you compare premiums and coverage, you should compare credit costs.

Check for additional fees. Some insurers and agents charge additional application and renewal fees that are not included in the premium.

These fees can significantly increase the amount you will have to pay. For example, an agent might charge you for each copy he makes of such things as your driver's license, vehicle title or registration, evidence of prior insurance and even for a copy of the application you complete when you apply for coverage. Ask about these add-on fees, and comparison shop.

Complete your application before signing.

Do not sign blank forms. After the application or any finance agreement is filled out, re-read it to see if everything is correct. Keep a copy of it for your records.

Read your policy. When you get your policy, read it. Do not file it away without checking to see that the coverages, limits, premium and other information are correct. Also, read through the policy to know your rights and the insurance company's rights. If you have questions about your policy, ask your agent or insurer.

WHAT IF YOU CANNOT FIND COVERAGE?

Insurers may choose the people they wish to insure. They may not refuse to insure you based on race, color, creed, national origin, or ancestry. If you are turned down by one company, check with others. Insurers have different underwriting criteria and standards. Some specialize in low-risk (preferred) drivers while other companies specialize in high-risk (non-standard) drivers. The premiums charged will vary accordingly.

If you have tried several insurers and cannot find auto insurance coverage, call the Arizona Department of Insurance at (602) 364-2496 (Phoenix) or (800) 544-9208 (outside Phoenix).

The Arizona Department of Insurance is an Equal Employment Opportunity agency that complies with the Americans with Disabilities Act. Persons with a disability may request that materials be presented in an alternative format by contacting the ADA Coordinator at (602) 364-3471 and should do so as early as possible to allow reasonable time to make necessary arrangements.