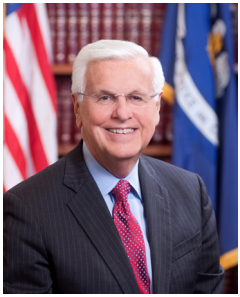
LOUISIANA DEPARTMENT OF INSURANCE

Consumer's Guide to

Auto Insurance

Jim Donelon, Commissioner of Insurance



A message from Commissioner of Insurance Jim Donelon

Some of us spend up to a quarter of our income each year on insurance. Yet many do not take the same care when buying insurance that we take with buying the cars we are insuring. Many of us tend to judge insurance by the cost of the premium, calling five or six producers and picking the cheapest policy.

We would never dream of calling an automobile dealership, asking for the price of the cheapest car, and then choosing the car sight unseen just because it cost the least. The same should be true for our auto insurance.

No matter how low the premium might be, an inexpensive policy does you absolutely no good if the insurance company cannot cover your claim when your car has been involved in an accident.

Whatever your insurance needs, you should choose a company that is financially sound, has a history of providing good service, and charges a fair rate. This guide will help you find the auto insurance company that is right for you.

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What's Inside

What do I do first? 2
Insurance buying tips

From our consumer hotline 3

What insurance do I have to buy? 4
Liability coverage

What about other coverages? 4
Medical payments coverage
Uninsured/Underinsured motorist coverage
Uninsured/Underinsured motorist property coverage
Towing and labor coverage
Comprehensive coverage
Collision coverage
Louisiana Automobile Insurance Plan
Rental reimbursement

What if I don't have proper coverage? 7

Does my coverage fit my needs? 8

What factors affect my premium? 8

What kinds of discounts can I get? 9

What if I am involved in an accident? 10

Cancellation and nonrenewal 10

Auto insurance shopping worksheets 12

Finding auto insurance that meets your needs does not have to be difficult.

What do I do first?

- **Shop around** for the policy that is right for you.

- **Do not buy** the first policy you hear about.

- **Get quotes** from several companies before you sign an application and pay a premium.

- **Be aware** of insurance scam artists and unauthorized insurance operations.

- **Buy only** from authorized insurance companies and producers. Unauthorized insurance operations are illegal and their policyholders are unprotected if the company goes broke.

If you would like to check on a company, call the Louisiana Department of Insurance. See page 11 for all of the information you need to contact us. We can answer many of your questions including the following:

- **Am I buying from a legitimate company?** Ask about a company's or producer's license status.
- **Will the company be around to pay my claims?** Ask for the company's financial letter grade from at least one nationwide rating firm.

- **Does the company treat policyholders fairly?** Ask about a company's and a producer's complaint history and compare it with others.

From our consumer hotline:

◆ **Will my teenager be covered when he goes to college out of state?** If your teenager is not taking up permanent residence in that state, most companies will not require you to make any changes to your policy but ask your agent to be sure.

◆ **Is there another way to shop around for auto insurance other than contacting every company?** You can use the Department of Insurance's online "Shop your Rates" system to compare automobile insurance rates among companies. This tool is not intended to provide an exact estimate of your cost of insurance, but rather to demonstrate the importance of shopping around for the best policy for you. Also keep in mind that various companies may have dividend and cash-back plans that can result in a lower final cost than reflected in the rate guide. You can access the tool at www.ldi.la.gov/shop-your-rates.

◆ **If I let my friend drive my car and she has an accident, will she be covered?** As long as your friend has the owner's permission to drive the car and is a licensed driver, she is covered under the owner's policy. The exception would be a person who had been excluded from coverage under that policy.

What insurance do I have to buy?

Under Louisiana law, you must carry **liability coverage** on any automobile you own. This coverage pays for property damages or personal injury for which you may be legally responsible, up to your policy's dollar limits. In Louisiana, each vehicle is required to have 15/30/25 liability limits. Those limits provide payments of $15,000 for bodily injury to one person, $30,000 for bodily injury to more than one person in a single accident, and $25,000 coverage for damage to someone else's vehicle or other property.

Liability insurance covers bodily injury or property damage caused by you, your family members, and others driving your vehicle with your permission. You and your family members are also covered when driving another person's automobile including rental private passenger vehicles. Company cars and other non-owned cars regularly available to you are not covered.

What about other coverages?

Medical payments coverage pays for medical expenses for a designated period of time following the accident, up to your policy's dollar limits and it includes funeral expenses. Payments are made regardless of who is to blame for the accident. Medical payments covers you, your family members and other passengers in your car.

Uninsured/Underinsured Motorist coverage pays benefits to you if your car is hit by a driver who has no insurance or too little insurance to pay for the full amount of your injuries or property damage. If you have Uninsured/Underinsured Motorist coverage, any bodily injury you or an occupant of your vehicle suffers due to an accident caused by another driver is covered under this policy. Hit-and-run drivers may be classified as uninsured motorists, but it helps if there is a disinterested witness to the accident.

Uninsured/Underinsured Motorist economic-only coverage is the same as uninsured motorist coverage except that it covers only the actual costs of injuries to you and the occupants of your vehicle. Pain and suffering are not included under this coverage.

Uninsured/Underinsured motorist property damage coverage provides for repairs to your vehicle if you are in an accident with an uninsured driver. A $250 deductible applies under this coverage, and with liability coverage, your recovery is limited to $25,000 or the actual cash value of the vehicle, whichever is less. You can purchase a higher recovery limit if you choose. If your policy includes collision insurance, this coverage is not available.

Towing and labor coverage pays for towing costs and labor costs when your car is disabled. Most automobile policies limit this coverage to $25 per tow, and some companies will not write towing and labor coverage for older cars.

Comprehensive coverage pays for specified damages to your automobile, such as those resulting from falling objects, flood, fire, explosion, vandalism, theft or additional named causes other than collision, subject to any exclusions or limitations specified by your policy.

Collision coverage pays for damage to your car that results from an accident. You can collect under your own collision coverage, whether or not you were at fault. Collision coverage is always sold with a deductible.

Many people drop their **collision** and **comprehensive coverage** when their cars are about five years old, because they may be worth only a few thousand dollars. If you borrow money to buy your car, the bank or other lender may require you to carry comprehensive and collision insurance until the vehicle is paid for.

If you drive for a Transportation Network Company (TNC) like Uber or Lyft, you may want your own insurance coverage on top of what the TNC may offer. Most personal auto policies exclude coverage while you are carrying a passenger for hire.

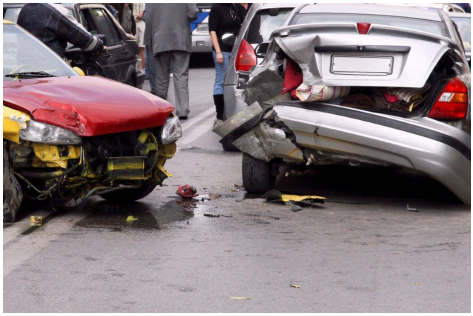
TNC coverage can cover a variety of scenarios from the time while the TNC app is on, but no match has been made to coverage while a driver is en route or transporting paying passengers. There are insurers who offer to endorse coverage onto your policy—usually for an additional premium—related to how much TNC driving you do. Talk to your agent before you sign on as a TNC driver.

What if I don't have proper coverage?

Louisiana law requires that all registered owners of an automobile carry liability insurance. You may be subject to fines of $500 to $1,000 for knowingly operating a vehicle without insurance, being involved in an accident without insurance and committing fraud by falsely claiming to have insurance. There are also penalties for lack of proof of insurance or for letting your insurance lapse.

Drivers without liability insurance may also have their driving privileges suspended by having their vehicle impounded, their registrations revoked or their license plates cancelled. If you are involved in an accident without liability insurance you may have your driver's license suspended and registrations revoked for 180 days. Also, if you are caught falsely claiming to have insurance you may have your license revoked for 12 to 18 months.

The law known as **"No Pay, No Play"** prohibits uninsured motorists from collecting the first $25,000 in property damages and the first $15,000 in personal injuries regardless of who causes the accident.



This law also includes a provision that may allow you to waive your right to make a legal claim for pain and suffering if you buy economic-only uninsured motorist coverage.

Does my coverage fit my needs?

- Don't hesitate to ask questions about what your policy covers. Start by asking your producer what "full coverage" means, and take it from there.

- If your car is older and paid for, you may consider whether or not to carry collision and maybe even comprehensive coverage. Look at the cost of your annual premium compared to your car's "Blue Book" value, minus your deductible.

- If you belong to an automobile club, you may already have towing and labor coverage. Check to be sure.

- You may not need medical payments coverage for yourself if you have health insurance. However, medical coverage will also pay for injuries to your passengers.

What factors affect my premium?

- **Your age.** Generally, single male drivers under 25 and female drivers under 21 have much higher insurance costs than other drivers.

- **Where you live.** Urban areas have a higher incidence of accidents and auto thefts than rural areas, so urban rates tend to be higher.

- **Type of car.** Luxury, sports and high-performance cars have the highest comprehensive and collision rates.

- **Your deductibles.** A deductible is your share of the cost of comprehensive or collision coverage. If you opt for a high deductible, your premiums will be lower. For example, buying collision coverage with a $500 deductible will cost less than the same coverage with a $250 deductible.

- **Your driving record.** If you have a good driving record, some companies offer a discount. Tickets and at-fault accidents can mean higher premiums.

What kinds of discounts can I get?

- You are often eligible for a discount under a "multi-car" plan if you insure two or more cars with the same insurance company.

- You may get an auto insurance discount if you have life or homeowners insurance with the same company.

- Most Louisiana insurance companies will give discounts to full-time students with a B average or higher. Check with your agent to see if you qualify for any discounts, such as a senior citizen discount.

- Some companies may reduce your liability and collision premiums if you take a defensive driving course. Teenagers who have taken driver education may get a similar discount.

- You may be entitled to a discount if you have extra safety features on your vehicle. Examples are anti-lock brakes, anti-theft devices and air bags.

What if I am involved in an accident?

- Call the police immediately.

- Make sure you get the other driver's name, address, telephone number, license plate number, driver's license number and insurance information. Give the other driver the same information about you.

- Notify your insurance agent or company.

- Be sure to obtain a copy of the police report for your records, whether or not you are at fault.

Cancellation and Nonrenewal

When you purchase a new auto insurance policy, the insurance company may cancel it within 60 days, which is the period of time when the insurer conducts its underwriting review. A new or renewed policy can always be cancelled for nonpayment of premium, but the company must give a 10-day notice. Other actions that occur during the policy term, such as a traffic violation or an at-fault accident, may be cause for the insurer to either non-renew the policy or renew the policy with an increase in premium.

A company cannot cancel your auto insurance policy if it has been in effect for more than 60 days or is a renewal unless:

- You fail to pay your premium.
- You file a fraudulent claim.
- You or a member of your household has a driver's license or motor vehicle registration suspended during the policy period.

After the 60-day period, if a company cancels your policy because you fail to pay a premium, it must give you a 10-day notice in writing. For any other reason, you must be given a 30-day written notice. If your insurance company decides not to renew your policy, it must provide you with notice 20 days prior to the policy's ending date. Your company is required to give you the reason for cancellation or nonrenewal if you request it in writing.

Within 30 days of cancellation, the company must refund all unused premiums that did not pay for coverage.

How to contact the Louisiana Department of Insurance

Toll Free, statewide: 1-800-259-5300
Baton Rouge: (225)342-5900

Email:
public@ldi.la.gov

Location: The Poydras Building
1702 N. 3rd Street
Mailing Address: P.O. Box 94214
Baton Rouge, LA 70804-9214

Website:
www.ldi.la.gov

SHOPPING FOR AUTO INSURANCE:

AUTOMOBILE WORKSHEET

Use this worksheet for a place to record information a producer or company will need to give you an accurate premium quote.

1. VEHICLES TO BE INSURED:

	Make/Model	Year	Vehicle Identification Number	Miles to Work
Auto #1				
Auto #2				
Auto #3				

2. PRINCIPAL OWNER AND OPERATOR OF VEHICLES:

_____

_____

_____

3. DRIVERS TO BE INSURED ON THE POLICY:

Name	License #	Age	Sex	Marital Status

4. ACCIDENTS OR MOVING VIOLATIONS OF EACH DRIVER DURING THE PAST THREE YEARS:

_____

_____

_____

_____

5. CHECK DISCOUNTS YOU MAY BE ABLE TO GET:

- Defensive driving
- Anti-theft devices
- Driver education
- High GPA for students

SHOPPING FOR AUTO INSURANCE:

COMPARISON CHART

Use this chart to record coverages you want and the prices quoted by each company you contact.

	ANNUAL PREMIUMS		
	Company 1	Company 2	Company 3
COVERAGE:			
LIABILITY			
Bodily Injury $_____per person $_____per accident	$_____	$_____	$_____
Property Damage $_____per accident			
COLLISION			
$_____Deductible:	$_____	$_____	$_____
COMPREHENSIVE			
$_____Deductible:	$_____	$_____	$_____
UNINSURED/UNDERINSURED MOTORIST			
Bodily Injury $_____per person $_____per accident	$_____	$_____	$_____
Property Damage $_____per accident	$_____	$_____	$_____
OTHER COVERAGES:			
_____	$_____	$_____	$_____
_____	$_____	$_____	$_____
_____	$_____	$_____	$_____
TOTAL ALL COVERAGES:	$_____	$_____	$_____

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