

## **Don't Gamble on Minimum Coverage Policies**

One of the biggest pitfalls a car owner can make is buying the minimum liability limits required by their state. While the minimums vary from state to state, in all cases they are woefully inadequate to cover the costs of a serious accident if you are found at fault.

If you have a minimum value policy, your net assets are vulnerable to being seized if you are sued for causing injuries or property damage.

The minimums states require are for:

- Bodily injury per person
- Total bodily injury per accident (for numerous vehicle occupants, for example), and
- Property damage (including damage to the other vehicle).

Typically, these numbers are expressed as \$15,000/\$30,000/\$5,000 (in the case of California). If those numbers look low, they are, but so are the minimums in most states.

For example in Ohio, the minimums are \$25,000/\$50,000/\$25,000, and in Texas they are \$30,000/\$60,000/\$25,000. You can find the full list of state auto liability minimums [here](#).

### **Not nearly enough**

The problem with all of these minimums is they are not nearly enough to cover the cost of most accidents, particularly if you crash into a high-end car. If repairs exceed your coverage limits, you'll have to pay out of pocket.

Bodily injuries sustained in car wrecks turn people's lives upside down. If the injuries are severe, they are unable to work, often face expensive medical treatment and rehabilitation expenses, and endure pain and suffering — all of which can only be compensated with money.

That money usually comes from the insurance company or the liable party's personal wealth.

Drivers without enough liability coverage to pay those costs will still be held responsible. The courts can seize your assets and garnish your wages to pay for damage you've caused, so having the highest possible liability coverage levels is the best way to protect yourself.

The smartest thing for drivers is to increase their liability levels as high as they can reasonably afford to go. While you may want to save money on your premium, it's not worth the savings if you are found at fault in an injury accident, or if you total a brand-new Ferrari.

So how much coverage is enough? What are reasonable limits of liability?

In an article on the subject, *Forbes* magazine recommends the following if you want to have "good coverage", \$100,000/\$300,000/\$100,000, or "even better": \$250,000/\$500,000/\$250,000.

If you are still unsure, you can call us for advice.

### **Umbrella coverage**

Finally, to avoid the fallout of being sued if you seriously injure someone, you may also want to consider an umbrella policy. These policies provide an extra layer of protection to help shield your assets in case you are sued if found liable for damages that exceed your policy limits.

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