

ARIZONA AUTOMOBILE INSURANCE QUESTIONS

Why should I buy auto insurance? Before you can register a vehicle in Arizona, you must show proof of financial responsibility. This can be in the form of a certificate of insurance, a bond, or certificate of deposit or cash in the amount of \$40,000.

What auto insurance coverages are required and what are the minimum limits I can purchase to satisfy Arizona's financial responsibility requirements? The required coverages in Arizona are Bodily Injury and Property Damage. The minimum required limits are \$15,000 per person and \$30,000 per accident for Bodily Injury and \$10,000 per accident for Property Damage. **** Please note: These are the requirements set forth by the state of Arizona, however as an agency, we write the maximum liability limits a company will allow to better protect our insured's.****

Ways to Reduce Premium

I have not had any accidents or violations, so why do my auto insurance premiums continue to increase? An insurer's premium increases are a direct reflection of the countrywide or statewide pool of losses that the insurer experiences. The losses of the few within the insurer's pool of policyholders are paid for by all policyholders within the pool. This is the basic premise upon which the concept of insurance is based and without which no insurance would be available. This does not mean that your own favorable loss experience cannot be recognized. Various insurers give numerous discounts to policyholders which recognize their excellent driving records. (See next question for type of discounts.) Other reasons for the increase in the cost of auto insurance are attributable to the costs to settle losses such as the costs to repair vehicles and the medical costs for injured persons which continue to rise. The increase in lawsuits is also a major factor in insurer rate increases.

Is there any way that I can reduce my premiums? Take advantage of the discounts offered by your insurer. Most insurers provide discounts for at least some of the following: accident free drivers discount; a package discount for insuring your home and auto with the same insurer; multiple auto discount; good student discount; nonsmokers discount; and passive restraint discount (for vehicles with air bags or automatic seat belts). You may also consider higher deductibles for your comprehensive and collision coverages.

Liability Coverage

What is covered under Bodily Injury coverage? This coverage pays for bodily injury to others for which you become legally responsible due to an auto accident in which you were involved. It does not pay for bodily injury you may sustain. You would need to have Medical Payments coverage in order to have the injuries you sustain in an auto accident covered under an auto policy.

Does Property Damage coverage provide coverage to fix my vehicle if the other driver is at fault and has no insurance? No. Property Damage coverage protects you for damage you may cause to the vehicles or property of others. You would need to have Collision coverage on your auto policy in order to have coverage to fix or replace your vehicle in this situation.

Will my policy provide coverage if my teenage son, who does not have a license yet, or a relative from out of town, drives my car and has an accident? As long as you give your permission, anyone who drives your vehicle (as long as that person is not specifically excluded) will be

covered under your policy, but you will need to review your policy to see what situations are excluded.

What coverage is provided if I pull a trailer with my vehicle? In most cases, if the vehicle pulling the trailer is covered under the policy, the liability coverage will be extended to the trailer if you own the trailer. However, Physical Damage (comprehensive or collision) must be purchased separately. You will need to review your policy for exceptions.

What coverage is provided by my policy if I buy a vehicle to replace an existing vehicle on the policy during the policy term? If you replace your previously covered vehicle with a private passenger auto, pickup or van, it will normally have the same coverage as the vehicle it replaced. In most cases, you will need to notify the insurer or its agent or producer within 30 days or less of purchasing the different vehicle. You will need to review your policy to determine what notice requirements apply.

Is there any coverage provided if I buy an additional vehicle during the policy term? Most policies extend the coverage for an auto you already have on your policy to an additional vehicle. What this means is whatever coverage is common to all vehicles on the policy is what coverage will be on the additional vehicle.

Will my minimum limit Arizona policy protect me if I drive to another state that requires higher minimum liability limits? In most cases, your Arizona policy limits will be interpreted to provide at least the minimum limits required by the laws of the state in which you are operating your vehicle. You should review your policy to make certain this is the case.

Will my personal auto policy provide coverage if I use my vehicle for business purposes? Some insurers may provide coverage for business use vehicles depending upon the type of vehicle and its particular use in business, but you may need to purchase a commercial auto policy to receive the coverage you need. You should consult with an insurer or insurance agent or producer to determine the proper policy needed.

Will my personal auto policy provide coverage if I use my vehicle as a car pool vehicle? If you are in a share-the-expense car pool, your policy will provide the same protection as if you did not use your vehicle in a car pool.

If I go on vacation and rent a vehicle, will my Arizona auto policy provide coverage while I am driving the rental vehicle or must I purchase coverage from the rental company? If you vacation within the United States (and in most cases Canada), for liability coverage, the policy carried by the rental company will be primary (pay first), and your policy will be excess (pay second) if the rental company's limits are not enough to pay for the injuries or property damages you cause. For physical damage to the rental vehicle, some companies insurance allow the broadest coverages you have under your comprehensive and collisions coverages to apply to the rental vehicle, subject to the deductible stated in your policy. Before renting the vehicle, you should check with your insurer or insurance agent or producer to determine if your coverage applies to the rental vehicle.

Will my Arizona personal auto policy provide coverage if I drive my vehicle into Canada? Most Arizona personal auto policies will provide coverage for driving in Canada, but you should review your policy or contact your insurer or insurance agent or producer before driving into Canada to determine if your coverage applies in Canada.

Will my Arizona personal auto policy provide coverage if I drive my vehicle into Mexico?

Mexican law requires that you purchase separate liability coverage from a Mexican insurer before operating your vehicle in Mexico. Your Arizona personal auto policy may provide some limited coverage on a limited basis (within 25-50 miles of the Mexican border), but this coverage does not meet the insurance requirements of the Republic of Mexico. Failure to purchase proper Mexican liability insurance may result in many hours in a Mexican jail or a heavy fine if you are involved in an accident while operating your vehicle in Mexico.

Physical Damage Coverages

What is covered under Comprehensive coverage? Some of the coverages provided under Comprehensive include theft of all or part of the vehicle, glass breakage, and damage due to fire, windstorm, hail, water, falling objects, vandalism, explosion, or hitting a bird or animal.

What is covered under Collision coverage? Collision coverage pays if your auto collides with an object, including another car, or if it overturns. Your insurer will pay to repair these damages even if the collision is your fault.

I have an older vehicle which I do not care to insure for comprehensive and collisions coverages. Is there any reason why I should carry higher than minimum liability limits?

If you have assets you need to protect, you may want to carry higher than minimum liability limits to protect yourself from lawsuits by a person or persons you may injure in an accident.

How is the deductible for Comprehensive or Collision coverage applied? The deductible for Comprehensive or Collision applies to each loss that occurs to your vehicle. A deductible is the dollar amount you will have to pay toward the loss before the insurer begins to make payments on the loss.

To whom do I pay the deductible if I have a Comprehensive or Collision loss? You will pay the deductible to the repair facility.

Medical Payments Coverage

What is covered under Medical Payments coverage and to whom does the coverage apply? You will need to read your policy for a complete description of the coverage provided.

Basically, Medical Payments coverage provides coverage for necessary and reasonable medical and funeral expenses incurred as the result of an automobile accident up to the limit stated in the policy for you or passengers in your vehicle.

If I already have health insurance, do I need to carry Medical Payments insurance on my auto policy?

Even though you have major medical insurance, you may still wish to carry some medical payments insurance to cover deductibles and co-payments which are not covered by your health insurance plan.

Uninsured and Underinsured Motorist Coverages

What is the difference between Uninsured and Underinsured Motorist coverages?

Uninsured Motorist coverage protects you or passengers in your vehicle for bodily injury you or your passengers sustain in an accident involving a driver who has no liability coverage. Underinsured Motorist coverage protects you or passengers in your vehicle for bodily injury you or your passengers sustain in an accident involving a driver who has insufficient insurance to cover the injuries of you or your passengers.

If everyone in Arizona is required to purchase liability coverage, why do I need Uninsured Motorist coverage? Even though the law requires all motorists in Arizona to carry liability insurance, not all Arizona motorists have liability coverage in force. Also, motorists may come into Arizona from other states or countries and not have liability coverage on their vehicles.

Miscellaneous Coverages

What does Rental Reimbursement coverage provide, and does it provide coverage if I take my vehicle to a shop for mechanical repairs? Rental Reimbursement coverage provides a specified amount for you to rent a vehicle while your covered auto is being repaired or replaced after it has been damaged because of a loss covered under Comprehensive or Collision. It does not provide coverage for mechanical repairs that result from mechanical breakdown that are not related to a comprehensive or collision loss.

What coverage does full glass or safety equipment coverage provide? This coverage provides full repair or replacement of all glass used in the windshield, windows, and doors, and all glass, plastic or other materials used in the lights of a motor vehicle without regard to any deductible.

Borrowed or Rented Vehicles

If I borrow a car from a friend or relative for a short time while my vehicle is being repaired, will my policy cover me while I am driving the borrowed car? The policy covering the vehicle would be primary and in most cases, your policy would cover the vehicle on an excess basis. If no policy covers the borrowed car, most companies will treat your policy as the primary coverage for the borrowed car.

What do you mean by primary and excess basis? Primary means that policy will provide coverage first, and excess means that policy will provide coverage after the limits of the primary policy have been exhausted.

If I rent a truck to move my personal property, will my personal auto policy provide any coverage for the rental truck? No. Most personal auto policies do not provide any coverage for the rental truck.

Accidents, Thefts or Other Losses

If my vehicle was damaged in an accident that was not my fault, how can I recover my deductible?

If the negligent individual carried liability coverage, you can recover your deductible from the negligent driver's insurer.

My vehicle was stolen along with some personal items which were in the vehicle at the time. Does my auto policy provide any coverage for the personal items? Most policies do not provide coverage for personal items left in a vehicle.

What should I do if I have an accident? You should discuss with your insurer or insurance agent or producer what steps they recommend. Further, you may wish to refer to your insurance identification card, as the steps you need to follow may be listed on the card. Generally you should first notify the police. Then write down the names, addresses, telephone numbers and license numbers of persons involved and of witnesses. Also write down the license plate number and state of each vehicle involved. Do not admit fault, and do not discuss the accident with anyone except your

insurer representative or insurance agent or producer, or the police. Notify your insurance agent or producer promptly. Cooperate and answer all questions fully. Take notes whenever you talk with insurer employees, your insurance agent or producer, lawyers, police or others about the accident. Write down the date, times, names and subjects you talked about and include all decisions or promises made. Save your receipts for such items as car rental or a hotel room if the accident happens out of town, and save copies of all documents you send or receive.

What should I be aware of when getting my vehicle repaired after an accident? Your insurer may not require you to travel unreasonably to inspect a replacement auto, to obtain a repair estimate or to have the vehicle repaired at a specific repair shop. If you choose to have the repairs done at a facility which charges more than several other independent shops, any amount in excess of the settlement provided by the insurer will be your responsibility.

I recently totaled my vehicle in an accident. In addition to the Collision coverage afforded under my own policy, what additional settlement options apply? On first party total loss situations, the insurer may elect to offer either a replacement vehicle, which is a specific comparable vehicle available to you, or a cash settlement to purchase a comparable vehicle. The settlement offer must include all applicable taxes, license fees and other fees which apply to transfer of evidence of ownership of the vehicle, at no cost other than any deductible provided in the policy.

Cancellation or Nonrenewal

What are the reasons for which my policy can be canceled? After your policy has been in force for 60 days, Arizona law permits the policy to be canceled for the following reasons:

1. Non-payment of premium.
2. The insurance was obtained through fraudulent misrepresentation.
3. You or anyone who customarily operates your vehicle has:
 1. Has had his or her driver's license suspended or revoked during the policy period.
 2. Becomes permanently disabled and does not produce a certificate from a physician testifying to such person's ability to operate a motor vehicle.
 3. Is or has been convicted during the thirty-six months immediately preceding the effective date of the policy or during the policy period of:
 1. Criminal negligence, resulting in death, homicide or assault, arising out of the operation of a motor vehicle.
 2. Operating a motor vehicle in an intoxicated condition or while under the influence of drugs.
 3. Leaving the scene of an accident.
 4. Making false statements in an application for a driver's license.
 5. Reckless driving.
4. The insurer is placed in rehabilitation or receivership.
5. The insured vehicle which is rated as a private passenger auto is used regularly and frequently for commercial purposes.
6. The director of insurance determines that the continuation of the policy would place the insurer in violation of the laws of Arizona or would jeopardize the solvency of the insurer.

What can I do if I have been declined for insurance coverage, or my policy has been canceled or non-renewed and I feel that the declination, cancellation or nonrenewal was unfair or in violation of the law? Within ten days of your receipt of the cancellation or nonrenewal notice, you may write to the Director of Insurance, State of Arizona, Department of Insurance, 2910 North 44th Street, Suite 210, Phoenix, Arizona 85018, stating your objection to the insurer's action.

What can I do if I have a complaint in general regarding my auto insurance? You should first attempt to resolve your concerns with your insurance agent or producer or insurer. However, if you believe you have been treated unfairly, have received poor service, or have some other complaints against your insurer or its agent or producer, you should state the facts, in writing, to the Consumer Services Division, Arizona Department of Insurance, 2910 N. 44th St., Phoenix, Arizona 85018-7256 or by calling the Department in Phoenix at (602) 912-8444 or statewide at 1-800-325-2548. Your written complaint should include the following information: your name, address and telephone number; the name of the insurer or insurance agent or producer about which you are complaining; the policy number and the type of insurance and a description of the problem.

What can I do if my policy has been canceled or non-renewed and I can't find another insurer that will write insurance for me? If you have tried several insurers and cannot find coverage, you can be insured through the Arizona Automobile Insurance Plan. You may apply for coverage through this plan by contacting any licensed property and casualty insurance agent or producer. For general information on the plan, you may call or write to: Western Association of Automobile Insurance Plans, P.O. Box 7917, San Francisco, CA 94120-7917--(800) 227-4659, or visit their web site at <http://www.aipso.com/AZ/>.