

STATE OF NEW MEXICO OFFICE OF SUPERINTENDENT OF INSURANCE

SUPERINTENDENT

Russell Toal



DEPUTY SUPERINTENDENT

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APRIL INSURANCE TIP OF THE MONTH

Ins and Outs of Auto Insurance

Auto insurance is important for consumers and required by law. “New Mexico requires all vehicle owners to have car insurance. Auto insurance protects all of us and it may seem expensive, but it is far cheaper than the expense of repairs or replacement if your car is damaged,” states Superintendent Russell Toal. “Remember, too, to drive defensively because other drivers may be distracted, speeding or impaired – if you drive carefully, you may be able to avoid an accident with these unsafe drivers.”

Liability Coverage



Liability car insurance helps cover the cost of damage resulting from a car accident. In New Mexico, if a driver is found to be at fault in the accident, their insurance company will pay the property and medical expenses of other parties involved in the accident up to the limits set by the policy. The two components of liability car insurance are bodily injury liability and property damage liability. Liability coverage doesn't cover the policyholder's car – it covers the other parties in the accident.

Minimum Liability Limits required by New Mexico Law

Bodily Injury	\$25,000 per person \$50,000 per accident
Property Damage	\$10,000 Per accident

The **bodily injury** liability covers an at-fault driver, so they are not liable for others' emergency and ongoing medical expenses, loss of income, or funeral costs. It also helps cover the policyholder's legal fees when the accident results in a lawsuit.

Property damage liability helps cover the costs of repairing or replacing the vehicles of other drivers involved in the accident. It also covers the damage done to other types of property by the policyholder's vehicle, such as fencing, mailboxes or buildings

Key Takeaways

- Liability car insurance provides financial protection for drivers who harm someone else or their property in a car accident. If you are sued, your liability insurance covers the costs up to your policy limits.
- Property damage liability helps cover the costs of repairing the vehicles of other drivers involved in the accident.

Uninsured Motorist Coverage

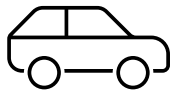


Uninsured motorist (UM) coverage is an optional component of an auto insurance policy. Uninsured motorist provides coverage when the policyholder is in an accident with someone who does not have insurance. It is an add-on to a standard auto policy and pays for injuries to the policyholder and passengers, and damage to property, if the other driver is legally responsible for the accident but uninsured. In New Mexico, Uninsured Motorist coverage has a deductible of \$250.00.

Key Takeaways

- Uninsured motorist coverage (UM) is an add-on coverage for auto policies that will pay for injuries and damages caused by an uninsured driver.
- Hit-and-run drivers are also considered uninsured motorists.
- Uninsured motorist coverage usually adds only a small cost to an auto insurance policy but provides beneficial coverage.

Comprehensive and Collision Coverage



Comprehensive coverage helps cover the cost of damages to your vehicle when you're involved in an accident that's not caused by a collision. Comprehensive coverage covers losses such as contact with animals, natural disasters, including earthquakes, floods, and hurricanes, fire, riots and vandalism, vehicle theft or theft of certain parts of the vehicle, broken windshields, and fallen objects, including branches, rocks, or hail.

Collision insurance is auto coverage that reimburses the insured for damage sustained to their personal automobile, usually due to the fault of the insured driver. Collision coverage protects your vehicle against the financial loss that comes with physical damage to your vehicle. Collision insurance will cover damage from a collision with another vehicle, tree, pole, guardrail, and most other possible roadway hazards.

Key Takeaways

- Comprehensive insurance is designed to pay for repairs to your vehicle caused by events other than a collision.
- Comprehensive auto insurance covers events out of a driver's control.
- Collision insurance cover events within a driver's control or when another driver hits your car.
- Collision insurance is coverage that reimburses the insured for collision damage sustained to their automobile.
- If you finance a vehicle purchase, you may be required to purchase comprehensive coverage as well as collision coverage.

- There is a separate deductible for both comprehensive and collision coverage – a deductible is the amount of a covered loss that you pay out of pocket for collision and comprehensive coverage before the insurance starts to pay.

Medical Insurance



Medical payments coverage is an add-on to an auto insurance policy that covers expenses related to vehicular accidents. Also called “MedPay,” it covers you and any passengers in your vehicle, any pedestrians you may injure, and you—if you are riding as a passenger in another vehicle or are injured by a vehicle as a pedestrian, bike rider, or public transportation rider.

Key Takeaways

- Medical payments coverage (MedPay) is an add-on to auto insurance that covers expenses related to vehicular accidents.
- MedPay covers you and any passengers in your vehicle, any pedestrians you may injure, and you—if you are riding as a passenger in another vehicle or are injured by a vehicle as a pedestrian, bike rider, or public transportation rider.
- MedPay is supplemental to your health insurance; which one is primary coverage depends upon your health insurance policy.

Auto insurance Premiums

An insurance premium is the cost for an insurance policy. Insurance premiums are paid for auto, and other, insurance. Failure to pay the premium can result in the cancellation of the policy. Check your policy for the notice you are entitled to if your policy is going to be cancelled. If you disagree with the cancellation, or non-renewal, you can file a complaint with OSI (see below).

There are multiple factors considered by insurance companies when setting the premium.

- ✓ Age, gender and marital status -- people under 25 and over 65, males, single people and families with young drivers in the household tend to have more accidents and therefore pay higher premiums. Insurance companies can base premiums on all drivers in your household, including those not related by blood, such as roommates.
- ✓ The type of vehicle you drive -- you’ll pay more for insurance, particularly for comprehensive and collision coverages, if your vehicle is newer or more expensive. Sports cars and high-performance vehicles also cost more to insure because they’re involved in more accidents and thefts and cost more to repair. If you drive a large SUV or truck, which can cause more serious damage in an accident, you could pay more for liability coverage.
- ✓ Where you live -- urban areas usually have more accidents and auto thefts than rural areas.
- ✓ Vehicle use —using your car for work raises premiums, annual mileage.

- ✓ Your prior insurance coverage -- most insurance companies will charge you more if you don't have auto insurance when you apply for coverage. Some also charge you more if you currently have only the state-required minimum amounts of coverage.
- ✓ Previous claims -- most insurance companies report your auto claims to one or more private nationwide claim databases (such as the Comprehensive Loss Underwriting Exchange—CLUE). Insurance companies use these databases to see the claims you've submitted in the past. You have a right to a free copy of your CLUE report.
- ✓ Credit rating -- insurance companies are permitted to use your credit score in determining the cost of your insurance. If your credit score rises, your insurance premiums should go down. If your credit score goes down, the cost of your insurance will go up.

Check with your insurance company for discounts. Discounts can be given for:

- ✓ Insuring your auto and your home with the same insurance company.
- ✓ Insuring multiple vehicles with the same insurance company.
- ✓ Protection devices such as airbags, anti-lock brakes and anti-theft devices.
- ✓ Taking a defensive driving course, particularly if you're 55 or older.
- ✓ Belonging to certain organizations such as AARP, professional associations or even athletic clubs

If You're Involved in an Accident

Make sure you review these “to do's” with every driver in your household.

- ✓ Exchange information with the other driver: name, address, driver's license number, and insurance company's name and phone number. Some of this information is on the proof-of-insurance card in their auto.
- ✓ If you can't get this information, write down their license plate number to give to your insurance company.
- ✓ Be prepared to share the same information about yourself with the other driver.



Get this important information at the accident scene:

- ✓ The other car's year, make, model and license plate number
- ✓ Witness names and contact information
- ✓ The name, badge number, contact information for the officer who comes to the scene and the accident report number
- ✓ The time, date and exact location of the accident.
- ✓ Take a photo of the accident scene and damage to all vehicles involved.

If your car is damaged by a hit-and-run driver or is stolen, promptly call the police. Report the accident to your insurance company as soon as possible. Some policies require reporting within a very short time frame, for example, 24 hours.

The insurance company will assign a claims adjuster to assess the damages and determine the payment. These adjusters may be employees of the company or independent contractors. You should cooperate with the adjuster's investigation of your claim. The adjuster may meet with you to inspect the damage. Make notes and keep track of the dates of any conversations you have with your agent or adjuster. If you, the insurance company, and the claims adjuster disagree, first try to resolve the differences with your insurance company. Ask questions and ask the adjuster to provide a written explanation of the decision. If you and the insurer still disagree about the claim handling or settlement, you can file a complaint with OSI's Consumer Assistance Bureau (see below). If you disagree about the value of the claim, check your policy for an appraisal clause. Another option is to hire an attorney.

More information is available on the OSI website: www.osi.state.nm.us

File a Consumer Complaint: www.osi.state.nm.us/index.php/file-a-complaint

COVID-19 Health Insurance Helpline: 1-833-415-0566