

## INSURANCE

# One of the Most Important Types of Auto Insurance You Can Buy

By David B. Bobrosky

When a client comes to me after they've been in an accident, I always ask if they have insurance. They usually answer, "of course, I have full coverage." But what does that mean? Invariably, it means that they have liability, collision and comprehensive coverage. Rarely do they have what I believe is "full" coverage. It usually excludes one of the most important protections you could have – uninsured/underinsured motorist coverage.

**Uninsured** motorist coverage provides coverage for you, the insured members of your household and your passengers for bodily injuries, damages or death caused by an uninsured or hit-and-run driver.

**Underinsured** motorist coverage provides coverage for you, the insured members of your household and your passengers for bodily injuries, damages or death caused by another driver who had less liability insurance than you have in underinsured coverage.

In California, uninsured and underinsured coverage are the same. And the coverage not only applies if you are a driver or a passenger of a car, it applies if you are injured in other ways by uninsured/underinsured motorists – as a pedestrian, a bike rider, or skateboarder.

How does this work? If you are injured



in an accident due to the negligence of another driver, incur medical bills and miss time from work, you are entitled to compensation for damages.

But what if the other driver does not have insurance? If you just have liability, collision, and comprehensive (what many people consider "full" coverage), you'll recover nothing, unless you pursue the driver's personal assets. But uninsured drivers rarely have sufficient assets to cover claims, and those that do file for bankruptcy, leaving you to handle medical bills, lost time from work and pain on your own.

However, with uninsured motorist coverage, you can seek compensation for your injuries up to the policy limits of your own coverage. For example, if your uninsured policy limits are \$100,000, you can seek

compensation from your carrier for your medical expenses, lost wages and pain and suffering up to that amount.

What if the other driver had insurance, but only had the minimum policy limits of \$15,000? If you have that same \$100,000 in underinsured coverage, the other driver is legally underinsured as compared to you. If your injuries and damages warrant it, you could obtain the other driver's \$15,000 policy limits, and recover the difference between policies (\$85,000) from your own carrier.

Thus, by carrying uninsured and underinsured coverage, you are protecting yourself, and possibly your home and business. Why is this so important?

Despite the legal requirements to carry insurance (at least \$15,000 liability), many still drive without any insurance whatsoever. Although it's difficult to pinpoint, insurers estimate that more than one-third of California drivers have no automobile liability coverage. And the percentage of uninsured drivers in low income areas may exceed 60 percent.

Although more recent studies from the Insurance Information Institute cite figures closer to 20 percent, this still means over 4 million drivers are without insurance.

Based on our own practice figures, when you add the number of drivers who carry minimum coverage, we see that 50 percent of California drivers have either insufficient or no insurance.

Uninsured/Underinsured coverage is so

important that our Legislature wanted it included in as many policies as possible. So unless you waive the coverage in writing, it will be included.

The problem is that many people do waive the coverage since they don't understand what it is or why it's important. Or they carry just the minimum \$15,000 worth of coverage, even though they have \$100,000 in liability. This happens because sometimes insurance agents don't understand the importance of the coverage, and it's inexpensive. Thus, agents won't make a large commission on the coverage and don't push it.

Check your policies and make sure you have adequate uninsured/underinsured coverage. Check your excess/umbrella policies as well, as only certain companies offer excess/umbrella policies that include uninsured/underinsured coverage.

Protect yourself. Obtain the most important coverage you can buy with limits as high as you can afford. How can you afford not to?



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