

AUTO INSURANCE

→ What is Financial
Responsibility?

→ 8 Questions to Ask Before
Buying Insurance

→ Choosing an Insurer

→ Coverage Options Defined

→ WHAT IS FINANCIAL RESPONSIBILITY?

In Ohio, it is illegal to drive any motor vehicle without insurance or other proof of financial responsibility (FR). It is also illegal for any motor vehicle owner to allow another person to drive the owner's vehicle without FR proof.

You can meet FR requirements by choosing one of the following options:

- Obtain auto insurance and the required auto liability policy which includes bodily injury liability coverage as well as property damage liability coverage. Most drivers choose this option.
- Obtain a certificate or file a bond with the Ohio Bureau of Motor Vehicles (BMV) indicating that money or government bonds in the amount of \$30,000 is on deposit with the Treasurer of the State.
- Obtain a certificate of self-insurance if you have more than 25 vehicles registered in your name.

Examples of times you may need to show financial responsibility include:

- You are involved in a car crash
- You are charged with a serious traffic offense that requires a court appearance
- You are stopped for a traffic violation
- You are stopped for a vehicle safety check

The penalties for FR law violation depend on the number of offenses you have within a five-year period. Violator penalties could include a 90-day to two-year license suspension and reinstatement fees ranging from \$125–\$550, in addition to paying for at-fault damages.

KEY TERMS

Bodily Injury Liability Coverage: If you're at fault for a crash that injures another person, bodily injury liability coverage helps pay for their medical expenses.

Ohio's required minimum coverage is \$25,000 per person injured in any one incident, and \$50,000 for all persons injured in any one incident.

Property Damage Liability Coverage: If you cause a crash that damages someone else's property (their car, for example), property damage liability coverage helps pay for repairs.

Ohio's required minimum coverage is \$25,000 for injury to or destruction of property of others in any one incident.

→ 8 QUESTIONS TO ASK BEFORE BUYING AUTO INSURANCE

The vehicle you own, your personal priorities and your budget all factor in to your unique auto insurance needs. Before comparing policies and insurers, evaluate how you use your car and what risks you face to figure out what options work best for you.

1. HOW MUCH DO YOU DRIVE?

Do you absolutely need your car every day—for instance, to commute to work or drive the kids to school and activities? Do you drive 100 miles a month or closer to 1,000 or more? Make sure your policy reflects how much you use your car. If you don't drive a lot, you may want to opt for mileage-based insurance.

2. WILL YOU BE USING YOUR CAR FOR WORK?

If you use your car not just to get to work, but to perform tasks for which you get paid, commercial auto insurance is a necessity. A personal auto policy will not provide coverage if you transport paying passengers

through a ride-share service, deliver pizzas, drive as a courier or use your car for other commercial activities.

3. WHAT TYPE OF CAR DO YOU DRIVE?

Insurers have mountains of data, and they know in precise detail what types of cars, makes and models are more—or less—likely to incur claims. A flashy sports car with a powerful engine may be more likely to be stolen and its bodywork costs will be more than for a mid-sized sedan—and your insurance will be priced accordingly. Some types of cars—such as modified or classic cars—require special insurance. By the same token, you may receive discounts if you have a “safe” car—one with the latest safety features and a good safety record.

4. HOW MUCH DO YOU LOVE YOUR CAR?

If you love the way your vehicle looks and take pride in its appearance, you'll likely want it fixed perfectly—or replaced with the same model—if it gets damaged. That means you'll probably want to consider the fullest range of insurance—including collision, comprehensive and glass coverage. On the other hand, if you see cars merely as transportation and want to save on premiums, you might prefer to limit your policy to liability.

5. WHERE DO YOU LIVE—AND PARK YOUR CAR?

Where you live will impact your insurance rates—and it may be a factor in what coverage you purchase. For example, cars parked on the street in urban areas face a greater risk for theft or vandalism, so comprehensive coverage might be a good option. You may discover that your premium rates are lower if you move from a city to a suburb.

6. WHO ELSE WILL BE DRIVING THE CAR?

Generally, your car insurance will cover other occasional drivers. However, if other drivers live with you and use your car—whether a spouse, a teen driver or a house mate—they should be listed on your policy.

7. WHAT ARE YOUR LEGAL OBLIGATIONS?

Nearly every state, including Ohio, requires that you carry minimum liability coverage for your car. At the very least, you need to make sure your policy complies with state mandates. However, the levels of required coverage are generally pretty low. Keep in mind that, if you are involved in a serious crash, you may be sued for a large sum of money. Depending on your assets and financial risk tolerance, to be safe, you'll probably want to purchase a higher level of liability coverage.

8. IS YOUR CAR FINANCED OR LEASED?

If you still owe money on your car or have to return it in good condition when a lease expires, you'll likely be required to insure the car for its full value—and even for any gap between what you owe and the car's market value. Collision and comprehensive insurance will cover damage to your car—and supplemental gap insurance will cover the rest.

Keep in mind that your insurance options and costs may also be affected by your age, gender and driving record. Your credit score can also impact your insurance rate. Once you've looked at your needs and priorities, and understand how insurance options will match them, you'll be better prepared to make an informed decision about the types and levels of coverage to buy.

CHOOSING AN INSURER

There are many insurers, so choosing between them can be a challenge. Here are the main points to keep in mind:

LICENSING

Not every insurer is licensed to operate in each state. As a general rule, you should buy from an insurer licensed in your state, because then you can rely on your state insurance department to help if there's a problem. To find out which insurers are licensed in your state, contact your state insurance department.

CHOOSING AN INSURER CONTINUED

PRICE

Many insurers sell policies and prices can vary from one to another, so it pays to shop around. Get at least three price quotes. Your state insurance department may publish a guide that shows what insurers charge for different policies in various parts of your state.

FINANCIAL SOLIDARITY

You buy insurance to protect you financially and provide peace of mind. Select an insurer that is likely to be financially sound for many years by using ratings from independent rating agencies.

SERVICE

Your insurer and its representatives should answer your questions and handle your claims fairly, efficiently and quickly. Talk to other customers who have used a particular insurer. You may also want to check a national claims database to see what complaint information it has on an insurer. Also, your state insurance department will be able to tell you if the insurer you are considering doing business with had a high number of consumer complaints.

COMFORT

You should feel comfortable with your insurance purchase, whether you buy it from a local agent, directly from the company over the phone, or over the internet. Make sure that the agent or company will be easy to reach if you have a question or need to file a claim.

COVERAGE OPTIONS DEFINED

COLLISION: Pays for damage to your car from a crash regardless of fault. It usually includes a deductible, which means you pay a predetermined amount for repairs to your car and the insurer pays the rest. Selecting a larger deductible likely lowers your collision premium.

COMPREHENSIVE: Pays for damage to your car caused by almost anything other than a collision. Glass breakage, theft, fire, explosion, impact with an animal, vandalism, flood, and earthquake are some of these hazards. This coverage is also available with deductibles to lower your premium.

MEDICAL PAYMENTS: Pays for medical, hospital, or funeral expenses for you and others injured or killed while riding in your car, regardless of fault. It also covers you and your family members if struck by a car as a pedestrian or if riding in another car.

UNINSURED MOTORISTS (UM): Unfortunately, not everyone purchases auto insurance. That's why it's important to consider uninsured motorists coverage. If you or your passengers are injured by someone who does not carry auto insurance, UM coverage will pay for injuries up to your policy limits. This includes medical expenses, loss of wages, and related expenses. UM coverage also applies if you are a victim of a hit-and-run driver.

UNDERINSURED MOTORISTS (UIM): Just as some drivers don't carry any auto liability insurance, others don't carry enough to pay for damages resulting from a crash. UIM coverage pays for injury expenses to you or occupants of your car when the other person's insurance is inadequate. This coverage fills the gap in protection between the at-fault driver's bodily injury liability coverage and your UIM coverage.

UNINSURED MOTORISTS PROPERTY DAMAGE

(UMPD): This is an option to consider when you only purchase liability insurance coverage. It covers damage to your vehicle if involved in a crash with an at-fault uninsured motorist. When you purchase collision coverage, this coverage is not available or needed.

COVERAGE OPTIONS DEFINED CONTINUED

TOWING & LABOR: This coverage pays up to a stated amount for towing your car and any labor required at the scene when your car becomes disabled.

Other coverages may also be available from your insurer. Always ask what coverages are available and then decide what is best for you.

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