

# BUYER BEWARE:

## Things to Know About Buying Car Insurance in the State of Florida

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The State of Florida requires every vehicle owner to purchase a minimum amount of automobile insurance. In Florida, a motorist must purchase PIP insurance which pays covered medical expenses for injuries sustained in a motor vehicle crash by the policyholder, passengers, and relatives residing in the policyholder's household. It also covers any injuries arising out of the use of a motor vehicle. For instance, an injury sustained while changing your tire or if you are struck by a motor vehicle while walking down the street or while riding your bicycle.

If a policyholder does not maintain PIP coverage, the State of Florida may suspend the policyholder's driver's license and vehicle registration. Personal injury protection, or PIP, is considered no-fault coverage that pays for medical treatment, lost wages and charges for reasonable domestic services that were incurred as a result of an accident. The term "no-fault" means that PIP coverage is available to anyone injured in an accident, regardless of who was at fault for causing the accident. PIP coverage is designed to pay for your medical charges and lost wages in a timely fashion, so people do not have to wait to settle their accident claim.

PIP pays 80% of all reasonable and necessary medical expenses up to the \$10,000 policy limit. A new fee schedule for medical bills limits doctor reimbursement to 200% of the Medicare rates and the emergency room doctors to 80% of the usual and customary charges. The new law reserves \$5,000 for emergency room doctors and inpatient hospital physicians. The policy will pay 60% of disability benefits for any loss of gross income and earning capacity from inability to work. It also will pay 100% of reasonable placement service such as child care, housekeeping and yard work. It also will pay a death benefit of \$5,000 per individual or the remainder of unused PIP benefits, whichever is less.

You are also required to maintain property damage coverage. Property damage liability coverage pays for damage you cause to someone else's property due to a car accident. In Florida, you are required to maintain a policy with a property damage liability limit of no less than \$10,000.

Another type of coverage that you need to look at and should purchase, but is not required under Florida law, is bodily injury coverage. Bodily

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injury coverage pays for injuries to others caused by you in an auto accident. For example, you injure three people in an auto accident. If each person has \$150,000 in medical expenses, then you would need to purchase a minimum of \$300,000 per person and \$500,000 per incident to be completely covered for this accident. This is very cheap insurance given the high costs of medical treatment. Make sure you have enough coverage for a serious accident that could injure several people. The bodily injury liability coverage is the maximum amount of coverage to pay for damages that you cause. For instance a policy having coverage of \$25,000/\$50,000 means that the most money any one person can recover from the carrier for the damages caused by a single accident is \$25,000. If you have a 25/50 policy and you cause an accident, the most the insurance company will pay to any one person is \$25,000. If the accident injured several people, your company will pay no more than \$50,000 total even if the combined value of the claims exceeds \$50,000.

your auto policies – uninsured/underinsured coverage (UM/UIM). The purpose of UM/UIM coverage is to compensate you for the damages caused by an uninsured motorist or by a motorist who does not have enough coverage to compensate you for your damages. Your insurance company must offer you UM/UIM coverage unless you reject this coverage in writing. Your UM/UIM coverage will equal the amount of your liability coverage unless you specify in writing a different amount. Statistics show that most accidents are caused by people who are uninsured or who don't carry enough automobile liability insurance. Therefore, you should always purchase as much UM/UIM coverage as you can afford. In the event that your insurance company does not obtain a signed rejection from you stating that you do not want this type of coverage, and you are involved in an accident where you would need UM/UIM coverage, you would be entitled to UM/UIM coverage even if you did not purchase it. ■

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In the State of Florida, if you elect to purchase bodily injury coverage, the insurance company must then offer another specific type of coverage on

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