Guide to Automobile Insurance

This guide:

- Describes the types of auto insurance available
- Explains your rights and responsibilities as a driver
- Advises how claim disputes are resolved

John Kasich
Governor

Mary Taylor
Lt. Governor / Director

www.insurance.ohio.gov

ODI
Ohio Department of Insurance

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Disclaimer notice:
The information included in this publication is meant to serve as a guide and is not a substitute for legal or professional advice. Please be certain to check with a professional if you have questions. Updated January 28, 2014. May change without notice.

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Auto Insurance Rights

Policy rights

You have the right

- To receive a copy of your policy
- To receive all copies of forms and applications you or the agent sign
- Not to be discriminated against because of your race, national origin, beliefs, or a physical handicap that does not impair your driving ability

Premium rights

You have the right

- To a fair estimate (quotation) of premium, even though the actual premium may be more or less than the quoted estimate

Claims rights

You have the right

- To choose which shop will repair your car, unless this right is limited by your policy
- To a prompt and good-faith settlement offer, based on the terms of your policy
- To negotiate with the insurance company's adjuster
- To use any arbitration procedures provided in your policy

See page 16 for more information on claims.

Get a list of authorized companies at www.insurance.ohio.gov — or call the Consumer Services Division at the Ohio Department of Insurance: 1-800-686-1526.

Renewal and cancellation rights

You have the right

- To receive prior written notice if the insurance company decides to cancel or not renew your policy that includes the reasons for the cancellation or non-renewal
- To cancel your policy at any time — however, you may be subject to a fee or penalty if you cancel your policy mid-term

Unfair acts

You have the right to call the Ohio Department of Insurance if you feel an insurance company or agent has deceived you, acted unfairly or violated the law.

You can file a written complaint with the Department's Cosumer Services Division at 50 W. Town Street, Suite 300, Columbus, OH, 43215.

Or file the complaint at the Department's website (**www.insurance.ohio.gov**).

Call 1-800-686-1526.

Auto Insurance Responsibilities

Policy responsibility

You have a responsibility

- To fill out the insurance application with complete and accurate information
- To get a binder after you have signed the application and use this as proof of coverage until you receive your policy and insurance identification (I.D.) card
- To report any changes that affect your policy, including changes in names, addresses, drivers or vehicles

Premium responsibility

You have a responsibility

- To keep track of your policy renewal date or premium payment due date — most companies will send you a bill at least 30 days before the renewal date
- To pay premiums by the due date, even if you are in a dispute with the insurance company — if you do not pay, the company has the right to cancel your policy

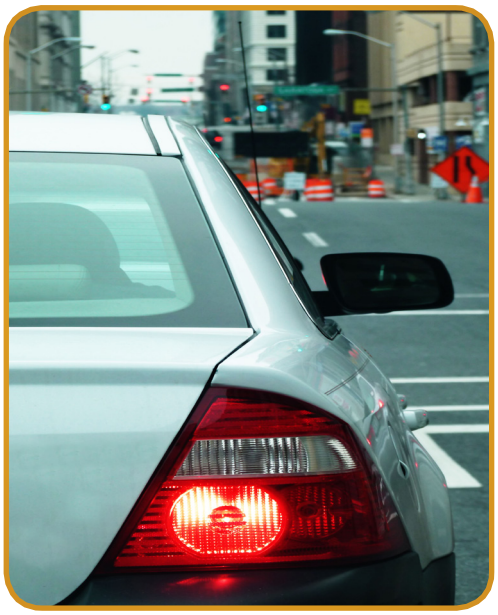
Claims responsibility

You have a responsibility

- To not file phony, padded or fraudulent claims which ask the company to pay for losses that did not actually occur — filing fraudulent claims is a crime and you could land in jail
- To promptly report any accidents or other losses to the agent or company, following the procedures in your policy
- To cooperate in the claims investigation process by providing information requested by the company, agent, or adjuster
- To pay for any losses that exceeds the limits of your policy
- To immediately inform the company of any claims or lawsuits that could require payment by the company

Insurance tip:

Protect yourself by accurately completing the application and keeping a copy.



Sample Declarations Page

When you get your auto insurance policy, the top page is normally the declarations page, or "dec page." The dec page shows your coverages and the premiums you must pay for them. Not all companies will send you a new policy every year — you may get only a new dec page. The sample shown here will give you an idea of how the dec page might look.

Part A - Liability:
Pays when you cause injuries and property damage suffered by others, see page 5.

Part B - MedPay (Medical Payments):
Pays the medical bills for you and your passengers, see page 6.

Part C - UM/UIM (Uninsured/ Underinsured Motorist):
Pays when you are injured by a driver who has no or little insurance, see page 9.

Part D - Damage to Your Auto:
Pays damages to your vehicle whether or not caused by a collision, see page 10.

Personal Auto Policy Declarations

Policyholder: Your name and address

Policy Number: Your policy number

Policy Period: **From:** Start date
To: End date (often six months from start date)
But only if the required premium for this period has been paid, and for six-month renewal periods if renewal premiums are paid as required. Each period begins and ends at 12:01 A.M. standard time at the address of the policyholder.

Insured vehicle and schedule of coverages

Vehicle	Coverages	Limits of insurance	Premium
1 Year, make, and model of the first car being insured			
	Part A - Liability		
	Bodily Injury	$100,000 Each person	
		$300,000 Each accident	$$$
	Property Damage	$ 50,000 Each accident	$$$
	Part B - MedPay	$ 5,000 Each person	$$$
	Part C - UM/UIM	$100,000 Each person	
		$300,000 Each accident	$$$
	Part D - Damage to Your Auto		
	Other Than Collision	$100 Deductible	$$$
	Collision	$250 Deductible	$$$
		Total	**$$$**
2 Year, make, and model of the second car being insured			
	Part A - Liability		
	Bodily Injury	$100,000 Each person	
		$300,000 Each accident	$$$
	Property Damage	$ 50,000 Each accident	$$$
	Part B - MedPay	$ 5,000 Each person	$$$
	Part C - UM/UIM	$100,000 Each person	
		$300,000 Each accident	$$$
	Part D - Damage to Your Auto		
	Other Than Collision	$100 Deductible	$$$
	Collision	$250 Deductible	$$$
		Total	**$$$**

Policy form/endorsements . Pages that list the details included in the policy
Countersignature date ..... The date the agent signed the policy
Agent ..... Your agent's name

Liability Coverage

When you're at fault, liability coverage pays on your behalf for the other person's:

- Injuries or death
- Property damage

Who's covered?

- You (the car owner)
- Your family members who live with you

Bodily Injury Liability (BI) Coverage

Pays for injury or death to others when the driver of your car is at fault in an accident. Policies may have two limits.

1. The amount paid for injuries for any one person's injuries
2. The total amount for all persons injured in the accident

A "single limit" policy will pay up to the limit even if only one person is injured. Your liability coverage will also pay for your legal defense if you are sued.

HOWEVER,

It's always a good idea to review your policy closely.

Some policies provide liability coverage only if the named insured is driving the auto.

Sometimes liability follows the driver and sometimes liability follows the vehicle. Check your policy.

If you allow others to operate your vehicle — including those family members who don't live with you — make sure the operator is properly insured.

Important Note:

Most insurance policies specifically exclude bodily injury liability coverage and uninsured motorists' coverage for you or your family members.

In the event your family members are injured in an accident where you were at-fault, only the optional medical payments coverage portion of your auto policy and your family's health insurance would provide benefits.

Be sure to ask your insurance agent or insurance company to explain to you before an accident occurs, under what circumstances your auto insurance policy would or would not provide coverage to you or your family members.

Liability Coverage

What is Property Damage Liability (PD) coverage?

Pays for damage that your car causes to other people's property. Other people's property could be another vehicle or an object, such as a wall.

How much coverage?

Minimums required by Ohio's Financial Responsibility Law:

- Bodily injury ..... $25,000 per person
  ..... $50,000 per accident

  and
- Property damage ... $25,000 per accident

Note: The amounts shown above are the **bare minimums**. You would need a lot more insurance to pay for a serious crash!

See page 7 for more on minimum coverage.

What is Medical Payments (MedPay) coverage?

MedPay is an optional coverage that pays you or your passengers (including your family members) up to a specified amount for medical expenses incurred following an accident. This coverage provides benefits no matter who is at fault in the accident. However, it is not health insurance.

Insurance tip:
Protect yourself financially against the big one you hope will never happen.

Ohio's Financial Responsibility (FR) Law

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 anyone else to drive the owner's vehicle without FR proof.

To comply with the FR requirements, individuals must maintain insurance or get a bond.

When I obtain insurance, what is required?

Ohio law requires the following for insurance coverage:

- A motor vehicle liability insurance policy — insurance cards are issued by an insurer to the policyholder for each motor vehicle insured under a motor vehicle liability insurance policy
- A certificate of proof of financial responsibility on a form prescribed by the Ohio Bureau of Motor Vehicles (BMV)

When I purchase auto insurance to demonstrate financial responsibility, what are the minimum coverage requirements in Ohio?

In Ohio the required minimum limits for bodily injury liability coverage is $25,000 per person injured in any one accident and $50,000 for all persons injured in any one accident.

The required minimum limit for property damage liability coverage is $25,000 for injury to or destruction of property of others in any one accident.

Why should I get more coverage than the minimum?

The value of your assets (what you have to lose in the event you cause an accident) may help you determine the amount of coverage you should carry. Having additional coverage could protect you and your assets in the event of a serious accident. If you do not have adequate coverage, the law allows the victim to take any assets that you may have in order to cover the costs of any damages that occur.

What could happen to me if I get in an accident and only have minimum coverage?

You would be held legally responsible to pay for any damages that are not covered by your insurance, including medical costs, costs to repair any property damage and legal costs for any court proceedings that may take place because of the accident. To pay for the damages, your home, car and other assets could be taken away from you. Your present and future wages could be garnished. If your child was driving a car that was underinsured and was in an accident, they too would be held responsible for any damages and could face significant debt. You and your family could end up paying for one accident for the rest of your life!

I have very limited income and can only afford minimum coverage. What can I do?

Ohio has some of the lowest auto insurance rates in the country. Call around to several different companies and get quotes from them. More than likely you will be able to find a company that can provide more than the minimum coverage for your budget.

Ohio's Financial Responsibility (FR) Law

If I want to get a bond or post collateral instead of purchasing insurance, what is required?

Ohio law allows for the following alternatives to automobile insurance:

- A certificate issued by the BMV, after proper application and approval, indicating that money or government bonds in the amount of $30,000 is on deposit with the Ohio Treasurer
- A certificate of bond issued by the BMV, after proper application and approval, in the amount of $30,000 signed by two (2) individuals who own real estate having equity of at least $60,000
- A certificate of self-insurance issued by the BMV, after proper application and approval, to those with more than 25 motor vehicles registered in their name or a company's name
- A $30,000 bond issued by an authorized surety or insurance company

When do I have to show proof of financial responsibility?

Ohio law requires you to show your insurance I.D. card:

- *On the road:* Any police officer who stops you for a traffic violation or safety check will ask for your card
- *In court:* Take the card to court if you're cited for a traffic ticket or have been in an accident

The BMV is also allowed to randomly request verification of your insurance card.
Your insurance company must give you an "insurance identification card." Your card shows when your liability insurance coverage starts and when it expires.

Carry the card

Keep your insurance I.D. card in the car's glove box. Make sure everyone who drives the car knows where it is!

Misplaced insurance I.D.?

If you're unable to show the police officer your I.D. card or some other proof of financial responsibility, the officer will write that on the ticket.

You will have another chance to show financial responsibility proof when you pay the ticket or go to court.

No financial responsibility? Start walking!

If you are caught driving without financial responsibility you will soon be walking. The penalties include:

- Suspension of driver's license for 90 days (up to one year for repeat offenders)
- Impoundment of your license plates and / or your automobile
- Court costs
- No driving privileges during suspension

To get your license and tags back, you will:

- Pay a reinstatement fee of $75 (up to $500 for repeat offenders)
- Prove that you have become financially responsible through insurance or bond
- Have your agent or company file a proof of financial responsibility form (SR-22) with the BMV
- Pay an impound fee to get your car back

Financial Protection against Uninsured / Underinsured Drivers

Thousands of uninsured

As many as 15% of Ohio drivers break the financial responsibility law. In some parts of the state the percentage is higher.

Even more underinsured

The underinsured car owner has enough insurance to be legal but not enough to pay for serious injuries. No matter how much insurance a driver has, there could be accidents where it's not enough.

UM/UIM coverage

When you buy liability insurance, the company may offer you uninsured / underinsured motorists (UM / UIM) coverage, which is an optional coverage.

- Your UM coverage takes the place of the liability coverage the other driver did not have
- UIM coverage also pays for injuries to you and your passengers when the other driver did not have enough insurance to pay for your injuries
- Insurers will not allow you to buy more coverage for UM than you buy for liability coverage
- Some companies include UM when quoting premiums — you may have the right to ask for a lower amount or refuse it completely

Uninsured motorist property damage covers your vehicle's damages

A separate type of coverage, called uninsured motorist property damage (UMPD), pays for physical damage to your vehicle if an uninsured motorist was responsible for damage to your vehicle. This too is an optional coverage.

Since collision coverage and UMPD pay for the same damages, you would not purchase UMPD coverage if you have purchased collision coverage.

Get a list of authorized companies at www.insurance.ohio.gov — or call the Consumer Services Division at the Ohio Department of Insurance: 1-800-686-1526.

Important Note:

Under some insurance policies, occupants in the vehicle who are not family members residing with you might not be protected by your policy's uninsured / underinsured motorists coverage.

Instead, these occupants will be covered by the UM / UIM coverage from their own automobile insurance policies.

Physical Damage Coverage

Collision & Other Than Collision *(Comprehensive) Coverages*

These are the two kinds of physical damage coverage. They are usually sold separately, but some companies package them together.

Collision

Collision pays for repairs to **your insured vehicle** when it hits another vehicle, crashes into something or turns over. It pays no matter who causes the accident.

Other Than Collision (Comprehensive)

Called Other Than Collision coverage or called Comprehensive coverage, this type of physical damage coverage pays for losses to your insured vehicle that result from incidents that are not collisions.

Examples: theft, fire, vandalism, hail, falling objects or hitting an animal.

Deductibles

The deductible is the amount you must pay out of your own pocket every time you have a claim. Each type of physical damage coverage usually requires a separate deductible. Companies generally offer a range of deductibles. Higher deductibles usually result in lower premiums.

Not required by law

You must decide whether you can afford to pay the repair bill or to replace your car if it is totalled or stolen. However, the insurance company will not pay you more than the car is worth to repair or replace it. If you have an older vehicle, the insurance could cost more than the car is worth. Remember, even if you decide physical damage coverage is not for you, you still are required to carry liability insurance regardless of the age of your vehicle.

"Forced placement"

If your car is financed, the lender will require physical damage protection for the car. If you do not insure the car, the lender may buy the insurance and add the cost to your loan.

This is called forced placement. It's expensive and protects the lender — but not you!

Protect yourself and buy your own policy.

Rates & Premiums

How do companies establish the price of auto insurance?

The overall cost of auto insurance is affected by the costs of things the insurance pays for:

- Medical care for persons injured in accidents
- Auto repair
- Theft & fraud
- Defending lawsuits against insureds
- Administrative expenses

The company has the right to charge enough to recover the costs of the expenses shown above and make a reasonable profit.

How does the insurance company decide what rates to charge?

Each company has many variables. They are based on the company's prediction of how much you and other drivers like you will cost the company by filing claims.

Statistics & rates:
Insurance companies base their rates on statistics.

- The companies have analyzed statistical information about millions of drivers and they have identified characteristics of drivers who are more likely to have losses which the company would have to pay
- For rating purposes the company will group you together with other people whose age, sex, residence and driving experience are similar to yours

What factors do companies use to set rates?

Where you live:

- City residents tend to have more accidents
- Auto insurance costs are typically higher in cities than in rural areas
- In general you will pay more if you live in an area where claims are higher

Your age, sex & marital status:

- Young, single, male drivers generally have the highest accident rates and pay the most; after age 26 (or so) the differences are usually smaller

Your driving record:

- Premiums are lowest when you've had no tickets or accidents

How you use the car:

- You pay more if you drive to work long distances, as opposed to driving only for pleasure

Your car:

- Physical damage coverage is based on what it would cost the company to repair or replace your car — the more expensive the car is, the more it generally costs to insure it

About rate regulation

The Ohio Department of Insurance regulates — but does not set — insurance company premiums. When a company wants to change its rates, it must file the rating plan and supporting data with ODI. Department staff evaluate the rating plan and supporting data to ensure the rating plan complies with Ohio's insurance laws, rules and bulletins.

Get a list of authorized companies at www.insurance.ohio.gov — or call the Consumer Services Division at the Ohio Department of Insurance: 1-800-686-1526.

Note: Some insurers use credit scoring to determine rates. Companies that use credit scores tend to develop their own credit scoring model. Consumers should check their policies to see if their insurer uses this practice, and can request that the insurer re-check the consumer's credit score annually. Additionally, consumers can ask the insurer to re-rate their policy when an error in the consumer's credit report is corrected.

High Risk = High Price

What is a "high risk" driver?

A "high risk" driver is one that the insurance companies believe has a high likelihood of having accidents. You could be classified as a high risk for these reasons:

- Poor driving record (accidents, tickets)
- Uninsured for more than 30 days

What else could make it harder to find insurance?

- Poor credit information
- Inexperienced driver
- Occupation (example: pizza delivery)

Who insures high risk drivers?

Many insurance companies have a program or tier to accommodate high-risk drivers. High-risk drivers will pay more than drivers that are not classified as high risk.

There are also numerous companies that specialize in selling insurance to people that other companies will not.

What if I buy a high-performance car?

Your premiums might go up!

- Call your insurance agent before you buy the car and make sure you tell the agent exactly what you plan to buy and about any tickets or accidents
- If your car is on the insurance company's restricted list, the company may either charge more or turn you down

Last resort: Ohio Auto Plan

If your driving record is so bad that no insurance company will insure you, an agent can take your application for the Ohio Automobile Insurance Plan.

- The Auto Plan is required by state law to guarantee you can buy **liability** coverage.
- The Auto Plan will place your insurance with a company at rates which could be higher than even the high-risk companies.

For more information on liability coverage, call the Ohio Auto Plan: (614) 221-2596

How long do accidents and tickets count against me?

Different companies have different rules. Many do not consider incidents that are more than three years old, but some auto insurers will look back as far as five years.

Will the company automatically lower my premiums after three years of safe driving?

It depends on the company.

- Ask the company how long it will take to "clean up" your record
- Periodically ask the company to review your policy to make sure you are getting the best rate
- As your driving record improves, you may want to comparison shop for a better insurance deal

Household rating

Most insurance companies assume every licensed driver in your household could drive your car. So even if only one of the family's five drivers has a bad driving record, this could impact the cost of insurance for all the family members.

Cancellation & Non-Renewal

90-day cancellation

During the first 89 days after you buy a policy, the company can cancel for almost any reason.

One-year policy period

As of the 90th day your **liability** coverage is protected from cancellation for one year. The policy is then up for renewal in one-year periods.

Non-renewal

The company can refuse to renew the policy for almost any reason at the end of each two-year period. You have the right to receive proper notice of the non-renewal.

Cancellation

The law has specific grounds for cancellation during each two-year period, including:

- Lying on your application
- Suspension of your driver's license
- Filing false claims
- Not paying your premiums

30-day notice

The company must send you written notice 30 days before it cancels or non-renews a policy. The notice must explain:

- The reason the policy is being cancelled or non-renewed
- The information on which the termination is based
- Your right to have the Ohio Department of Insurance review the cancellation

Non-payment exception

Unless your policy specifically states otherwise, you do **not** have a right to 30-day notice if your coverage is cancelled because you missed a payment. However, the law **does** require at least a 10-day notice for cancellation due to non-payment.

Your premium can go up if you cause an accident

The company can increase your premium by surcharging or removing discounts, etc., due to your being at fault in an accident or due to your receiving several traffic tickets. However, your premium should not increase due to a single not-at-fault accident during the policy period. You should also not be surcharged by your insurer for an accident with an unisured driver if the accident was not your fault.

Other company options if your driving record deteriorates

The company can **transfer** your policy at the end of the policy period to a subsidiary, which is part of or owned by the same company and covers higher risk drivers. If this happens, you may receive a substantial premium increase.

If you reject the offer to transfer, the company can cancel your policy. Or the company can **non-renew** your policy at the end of each two-year period.

Beware: no grace period!

Unless your policy specifically grants you a grace period, there is no grace period for late premium payments on auto insurance.

- Some companies send bills that double as cancellation notices
- If your payment is due on July 5, you might lose your insurance if the check gets to the company on July 6
- If you're late the company has the choice of accepting or rejecting your payment

The risk in switching companies

You are not protected from cancellation until you have had the policy for 90 days. Speeding tickets, accidents, or filing claims during the first 89 days could result in quick cancellation.

Discounts for Older Drivers

To qualify for the discount, you must:

- Be between the ages of 60 & 70 **and** pass an accident prevention course
- Provide the insurance company with a certificate proving you have passed the course
- Have a satisfactory driving record for the previous three years

Certified accident prevention course

The class must be approved by the Ohio Bureau of Motor Vehicles (BMV). The course and exam must include:

- At least eight hours of classroom instruction (no correspondence courses)
- A driving test, which includes backing, turning at intersections and stopping
- You must show you can control the car

Please note:

All driving classes are conducted by private companies or organizations.

Discounts: 2% to 15%

The law permits every company to set its own discounts.

- Most companies have a discount of either 5% or 10% — other discounts are as low as 2%, or as high as 15%
- Companies are allowed to give discounts on only the premium for your **liability** coverage
- Your company might offer a 10% discount on liability coverage, but because you also have comprehensive and collision coverage, you would not see a full 10% reduction in your total premium

Good for three years

Once you qualify for a discount, it's good for three years. Every three years you may have to take another driving class and pass the exam again to renew the discount.

Shop around

Even without senior discounts, many companies include older drivers in their lowest rating categories. If you get a premium quote you feel is too high, check with other companies.

Comparative Negligence

Sharing fault and expense

Ohio's **comparative negligence** law has been in effect since 1980. This law says the responsibility (fault) for an accident can be shared. It helps determine how much you can collect from the other driver or the insurance company.

Negligence

If a traffic accident happens because you do not use the amount of care that would be expected of a reasonable and prudent person under the circumstances, you are considered **negligent**.

Shared negligence

"Whose fault was it?" That's one of the first questions after an accident.

- It's clear the other driver ran into you — in fact, the other driver got a ticket
- But that doesn't automatically mean the other driver was **completely** at fault

Under comparative negligence law, the other driver can get a ticket — but if you could have reasonably done **anything** to avoid the accident, you may have to share the negligence and the expense for damages

Investigating the claim

When you file a claim against the other driver's insurance, the company will want to determine whether you should share the blame. The company will ask questions such as:

- Did you see the other car before it swerved into your lane
- If you hadn't been tuning the radio could you have gotten out of the way
- If you had been wearing a seat belt would your injuries have been as bad
- Was your car illegally parked
- What was your speed?

Splitting blame and splitting cost

If the insurance adjuster concludes that the accident or some of the damage or injuries could have been avoided if you had been more careful, he or she will try to split the blame between you and the insured.

Example # 1: 80/20

The adjuster concludes that the other driver was 80% at fault.

- Total property damage to your car was $1000
- The other driver's company concludes its insured was only 80% at fault; you were responsible for the other 20%
- The company will offer to pay 80% of your damage ($800)
- Because the other driver's share of the negligence was more than 50%, you do not owe anything for his or her damages

Example # 2: 50/50

The adjuster concludes that you were each equally at fault — exactly 50/50.

- Total property damage to your car was $1000
- The other driver's company concludes its insured was only 50% at fault; you were responsible for the other 50%
- The company will offer to pay 50% of your damage ($500)
- Because the other driver's share of the negligence was not greater than 50%, you owe 50% for his or her damages
- Unless you can negotiate a better deal or take it to court, neither of you will collect anything from the other's insurance company

Patterns prohibited!

Companies may not use "pattern" settlements. That's the practice of disregarding the facts by assigning a routine percentage of negligence to anyone involved in an accident with a driver insured by the company.

Resolving Claim Disputes

Who decides comparative negligence?

Negligence is a legal issue and there's no magic formula for dividing the responsibility for an accident.

When negligence is disputed, it takes a judge or jury to make conclusions that are legally binding.

In reality, most decisions about negligence in auto accidents are made by insurance companies and their claims adjusters.

Validate

Even if you accept the adjuster's conclusion that you were partly at fault, you don't have to accept the adjuster's numbers.

If the company says you were 30% at fault, ask how that percentage was determined. You have a right to get this information!

Subrogation

If you're involved in an accident with another car and you can't settle with the other driver's company, you can submit the claim to your own company — **but only if you have collision coverage.**

You pay your own collision deductible. Then your company settles the full claim with you and takes over **(subrogates)** your claim against the other company.

If your company collects from the other driver's company, it will refund your deductible minus an amount equal to the percentage of your negligence.

Who hit whom?

When the only evidence is your word against the other driver's word, there's only one place to settle who pays – **in court!**

Take these steps to resolve disputes

1. Your insurance company

The adjuster:

- Your first stop; adjusters evaluate damage and make settlement offers

The claims supervisor:

- Your next stop if you believe the adjuster's position is unreasonable or unfair

Appraisal or arbitration:

- Your policy provides for one or the other if the claims supervisor was unable to satisfy your concern

2. Ohio Department of Insurance

- For free information about your rights and how to proceed with a claim; call the Department's Consumer Services hotline at **1-800-686-1526**
- Written complaints are investigated to determine whether the company and / or agent have acted improperly
- Please note: the Department **cannot** settle factual disputes over who was at fault or how much the damage is worth

3. Small Claims Court

- Your county small claims court can settle disputes involving $3,000 or less. In a typical case, you would sue the other driver, not his or her insurance company

4. Private Attorney

- Consult an attorney whenever you need information about your legal rights and remedies

Repairing Your Car

Repairing damage

The object of any repair is to restore your car to the same condition it was in immediately before the accident.

- The company will choose the least expensive way to do this
- That may mean straightening a body part, installing a used one, or replacing it with a new part — which could be an original equipment part or aftermarket part
- The company will probably make you a settlement offer based on the estimated repair costs — if you have a lien on your car, the company will make the check out to you, the lien holder and the body shop itself

The company's estimate

The insurance adjuster will propose a **settlement** based on the estimated cost of repairs and give you a copy of the estimate.

If you notify the company that their estimate is lower than estimates you've gotten yourself, the company has two choices:

- Pay the difference between your estimate and the company's estimate
- **OR** give you the name of at least one shop that will repair your car for the amount of the company's estimate

Choice of parts

The insurance company's repair estimate must disclose what kind of parts the estimate is based on. The estimate must tell you if:

- The parts are aftermarket, meaning they're new but not made by the manufacturer of your car; you will likely be entitled to new parts only if your car is the current model year
- The parts are used, of "like kind and quality" — this means they will be bought from a salvage dealer; the estimate must identify the salvage dealer

Original Equipment Manufacturer (OEM) or aftermarket parts?

There has been a lot of controversy over the use of aftermarket parts. Your body shop may tell you they are inferior or don't fit like parts sold by the "original equipment manufacturer" (OEM).

- No policy promises to use OEM parts, and some policies now make it clear that they will use aftermarket parts when possible
- You can still have OEM parts if you are willing to pay the difference in parts price

Typical policy language:

Limit of Liability

A. Our limit of liability for loss will be the lesser of the:

1. Actual cash value of the stolen or damaged property; or
2. Amount necessary to repair or replace the property.

B. An adjustment for depreciation and physical condition will be made in determining actual cash value at the time of loss.

Insurance tip:

If your insurance company requires you to use a specific repair shop, the company must guarantee the shop's work and assess no extra cost to you.

When Your Car is Totalled

The total loss

Your car is considered a total loss when it appears less expensive for the insurance company to replace it than repair it.

Everything is based on the car's **actual cash value (ACV).**

- ACV is what your car (including rust, dents and all the previous damage) was worth on the open market the moment before the accident — it is ***NOT*** how much you owe on the car
- The company can choose to replace your car with one of "like kind and quality" or offer to settle with you for the car's actual cash value

Cash settlement

The company will use one of three methods to determine your car's actual cash value.

- The average cost of two or more comparable cars (make, model, year and condition) available in your area within the past 90 days
- **OR** the average of two or more quotations from local dealers if no cars were actually available
- **OR** a pricing service that has information about auto prices in the local market

Replacement

If the company offers a replacement car, it must be:

- Same make; same year or newer; similar options and mileage; in as good or better condition as your car before the loss
- Available for inspection within a reasonable distance from your home
- **AND** free of all taxes and transfer fees

The reality: insurance companies seldom offer replacements, even though the law allows it. Companies usually prefer to settle for cash.

If you can't find a replacement

After accepting a settlement offer, you have 35 days to find a car you can buy for the settlement amount. ***However,*** if you cannot find that car within 35 days, you may have the right to reopen negotiations.

- Call the adjuster with the location and prices of cars you have found
- Insist that the adjuster either meet those prices or tell you where you can find a car at the settlement price

When you can't agree: appraisal

Any time you negotiate with your company (and you are simply unable to agree on a settlement) either you or the company can demand an **"appraisal."**

- You and the company each designate a competent appraiser
- The appraisers appoint an umpire and independently evaluate your loss
- The umpire resolves any differences between the two appraisers
- If you and the company accept the appraisal, the results are binding

Sentimental value = $0!

No matter how much you loved your old car, the insurance company will pay nothing for its sentimental value.

Important Note:

Estimates and settlement offers will include a deduction for your deductible amount.

What is "gap" insurance?

Gap insurance helps pay your loan if your car is totalled and you owe more than the car is worth. **Example:** You still owe $15,000 on the loan. A crash totals the car and the insurance company pays you the car's market value, $12,500. Gap coverage would pay the difference between the car's value and what you owe ($2,500).

Common Questions & Answers

Every day Ohio consumers call with questions about auto insurance. Here are some of the most frequently asked questions and short versions of the answers given by Ohio Department of Insurance complaint analysts.

Body shop choice

The insurance adjuster recommended a specific body shop, but I prefer a different shop. What are my rights?

It's your car! You can have it repaired wherever you choose unless your policy language specifically states otherwise.

The insurance company will propose a settlement based on a written estimate of the costs to repair the vehicle. You can also obtain a written estimate from the body shop of your choice.

If your estimate is higher than that of the insurance company, the insurance company can either pay the difference or provide the name of at least one body shop that will do the repairs for the amount of the insurance company's estimate.

If the insurance company provides only one name, the insurance company must ensure that the repairs are done in a workman-like manner.

If the insurance company provides the name or names of body shops that will do the repairs at the amount the insurance company estimated, you can still go to your body shop, but you would be responsible for the difference between your body shop's bill and the amount you obtain from the insurance company.

Of course, the insurance company's payment will be reduced by any applicable deductible amount you are responsible for.

What does it mean if the body shop is state-certified?

To help promote fair competition between shops, Ohio has required independent collision repair businesses to register with the state since 1997.

Look for a State of Ohio Certificate of Registration at any shop you consider.

Get more information by visiting **http://www.collisionboard.ohio.gov/** — the Ohio Board of Motor Vehicle Collision Repair Registration website.

Total losses

Can the insurance company pay me less than Blue Book for my totalled car?

Yes. Values provided in resources such as the Blue Book or NADA Guide are only guidelines.

- The company is required to pay you what your car was actually worth (as a used car) the moment before the crash.
- The adjuster will find out how much used cars like yours (same make, model and year) are going for in your area.

What should be included in the amount the company pays me for my totalled car?

The value of your car less the deductible amount you selected! Plus, if you're replacing the car within 30 days, you should also receive the applicable sales tax.

Common Questions & Answers

Rental cars

Who pays for the rental car while my car is in the body shop?

Liability claim (when the claim is against the at fault party's company):

- The other insurance company should pay your rental car cost for a reasonable length of repair time
- If the car is totalled, the company may pay for your rental as a courtesy, but they are not required to do so
- Read "Insuring a rental car" on page 24; the other driver's company will ***NOT*** pay your collision damage waiver (CDW)

Comprehensive claim (when the claim is against your own policy):

- You must pay a premium for rental reimbursement coverage
- Most policies have a dollar limit for rental payments; your rental car rights are spelled out in your policy

Claim payout

The adjuster agrees it would cost $500 to replace the stereo in my car. Do I have to buy a stereo with that money or can I forget the stereo and buy groceries?

Liability claim: If you are collecting from the other driver's company, you're entitled to the cash. Do what you want with it.

Comprehensive claim: Your own company may not pay the full replacement cost until you actually buy the new stereo. And if the stereo did not come with the car, you may need to show the company receipts to prove you had the stereo in the first place.

Misquoted premium

The agent quoted me a good price and told me I was covered. Now the company wants to charge more. Is that legal?

- Probably — the agent must quote a rate that the company has on file with the Ohio Department of Insurance
- The company makes the final decision about your rating classification after it reviews your background information
- It is not legal for the agent to intentionally quote you an unrealistically low price to get your business; this is called low-balling and unfortunately, it can be very difficult to prove
- Misquotes usually turn out to be the result of a mistake by the agent or incorrect information on your application
- Protect yourself by completing the application accurately and keeping a copy

Premium hike

I've had two accidents and neither was my fault. Can the company raise my premium?

Yes. Premium increases are always more likely when an accident is your fault. But the company probably has a rating plan that raises your premiums if you have a second, not-at-fault accident within a policy period.

How can I lower my premium?

This is a good question to ask to your insurance company or agent. Some ways to lower your premium include:

- Drive safely
- Increase your deductibles
- Drop collision and / or comprehensive on an old car
- Qualify for discounts
- Shop for a better deal

Common Questions & Answers

Young drivers

Why are premiums so high for young drivers who have never had an accident?

Insurance rates are based on statistical groups. As a group, teenage drivers have a much higher accident rate than older drivers.

Why do I have to pay more for my son than my daughter? She's the one who had a speeding ticket!

As a group, young male drivers have the highest accident rates of all. That means they pay the highest premiums!

College-bound

My son has left home for college. Do I still have to include him on my policy?

Yes. Insurance companies recognize that when college students come home they have access to the family car. However, the company might reduce the premiums if the college is more than a specific distance (100 miles, for example) from your home.

Guest driver

I sometimes let a friend drive my car. Is she covered by my policy?

Perhaps. Some liability policies cover a licensed driver who drives with your permission, while other policies state specifically that no other person is covered when driving your car. However, most policies require your friend's policy to pay for damages even though the friend was driving your car.

In general, your liability insurance will cover you if you drive a friend's car and the friend is not insured — but be sure to check your policy or talk to your agent.

Animals

Who pays if I hit a deer?

Your comprehensive coverage, but you will probably have to pay a deductible.

Government vehicles (Sovereign Immunity)

*The city garbage truck ran a light and hit me. So why did City Hall tell me to file the claim with **my** insurance company?*

Ohio law helps state and local government save money when their employees negligently injure someone who has insurance.

- The government is liable only for any amount that your own policy does not pay
- If you have no collision coverage, the city will pay the full cost, as long as you can prove the city driver was 100% negligent
- If you have collision coverage, City Hall will pay your deductible

Although your insurance company has to pay to repair your vehicle, if this was the only not-at-fault accident you had during the policy period, your premiums will not increase due to this claim.

Uninsured Motorists Property Damage (UMPD)

An uninsured driver demolished my car! Who pays?

If you bought the coverage, the UMPD or collision coverage with your insurance company should pay. If using either of these coverages you will owe a deductible.

See page 9 for more information about UMPD coverage.

Common Questions & Answers

Health vs. auto coverage

Where do I send my medical & hospital bills after an auto accident: to my health insurer or to the car insurance company?

It would depend on the circumstances of the accident, the coverages you have purchased and the instructions of the auto insurance company when you report the claim.

MedPay claim

- Medical payments coverage is not health insurance
- Following an accident, you or your injured passengers may make a claim to your auto insurance for benefits provided under MedPay coverage
- MedPay benefits are paid directly to you or your passengers for medical expenses incurred

Liability claim

- Passengers in your vehicle should submit their medical bills to their own health insurance company
- If your health plan pays your accident-related medical bills and you collect money from the other driver's liability policy, your health plan may ask you for reimbursement
- Most auto insurance companies will not pay your health insurer directly when you have a liability claim — you are responsible for your own medical bills.

Why should I buy Uninsured Motorists (UM) coverage if I have a good health insurance policy?

In addition to medical bills, UM can pay other expenses related to your injuries, including:

- Pain and suffering
- Lost wages

Two-party check

Why does the insurance company put the bank's name on the check to repair my car?

Your car is collateral for your loan. The bank (or whoever is financing the car) has a financial interest in making sure the money is used to repair the car.

Discounts

My friend saves money on discounts for his auto insurance. Is this common?

Yes. Many companies offer discounts that can make a difference in your premium. You qualify by doing things that make you more attractive for the company to insure: driving safely, buying a car with safety equipment, etc. See "How can I lower my premium?" on page 20. Many companies also offer customers further discounts. Below are some common ones.

- Multi-car — more than one car insured with the same company
- Good student — young drivers with good grades (may require a specific grade point average (GPA))
- Auto / home — car and home insurance with the same company
- Anti-theft device — reduces premium rates for comprehensive coverage only
- Anti-lock brakes
- Air bags — reduces premiums for MedPay only
- Senior citizen (See page 14)

Common Questions & Answers

Lawsuits

I've been sued by the other driver. Will my policy cover that?

Yes. Your liability insurance covers lawsuits.

- Your company has a duty to provide a lawyer to represent you in lawsuits that accuse you of negligent driving
- If you receive a summons or notice of a lawsuit, notify your company right away
- The company will appoint a lawyer to represent you
- Although the company pays for the lawyer, the lawyer's ethical duty is to represent your best interests
- There is no policy limit on how much the company must pay the lawyer to represent you
- If the case is settled or there is a judgment against you, the company will pay up to the policy limit
- If the judgment or settlement is more than your policy limit, you will owe the difference
- The company can refuse to defend you if you are accused of either injuring someone or damaging property intentionally

Insurance complaint?

- Call the Ohio Department of Insurance Consumer Services: **1-800-686-1526**
- Or file at the Department website:

  www.insurance.ohio.gov

See page 25 for information about consumer complaints.

Need a lawyer?

After my accident I started receiving letters from lawyers. Do I need a lawyer to deal with the insurance company?

- No serious injuries — probably not
- Serious injuries — maybe

If you do hire an attorney, the fee for legal services will come out of your claim settlement with the company. So if you win $10,000, you might have to pay the lawyer $3,000.

If you are uncomfortable getting solicitations you did not ask for, you may want to look for a lawyer who did not send you a letter.

Extra liability coverage

I'm concerned that normal liability coverage is not enough. Will the company let me add to it?

Probably. Many companies have an option called "umbrella" coverage.

- Companies offer umbrella coverage so you can increase your liability protection beyond the limits of your auto and homeowner's insurance policy
- You could possibly buy an umbrella of up to $1 million to protect yourself from the possibility of a huge negligence lawsuit
- Some companies offer umbrella coverage only if they insure both your car and home

Shopping & Other Tidbits

How to shop for insurance

Get quotes from several agents and companies.

- Licensed agents can quote prices over the phone, company websites offer online quotes and the Ohio Department of Insurance shows sample premiums on its website (www.insurance.ohio.gov); however, your price won't be firm until the company investigates your background
- Investigating includes checking your driving record with the Bureau of Motor Vehicles
- The company could also check your credit information
- Always give complete information, including any traffic tickets or accidents you have had — the company may ask you to list them as far back as five years

The need for an agent

Whether or not you go through an agent is completely up to you!

- A good insurance agent can be an asset: this is often the person you turn to first if you have a claim or problem with the policy
- You may buy from an agent who sells policies for only one insurance company or from an "independent" who is licensed to sell insurance for numerous companies
- Some companies do not use agents, but sell their policies by mail or online

Shop for service

If you've been satisfied with your company's service in the past, it may not be smart to jump to an unknown company just to save a few dollars on premiums. The lowest price will not be the best deal unless it is combined with good service. Ask friends and relatives about the companies and agents they have used.

Insuring a rental car

Car rental companies hold you responsible for any physical damage to the car while you're renting it.

How do I protect myself if renting a car?

If you have collision coverage on your own car, find out if it covers rentals. If it doesn't, you may want to purchase a Collision Damage Waiver (CDW) from the rental company. This covers collision damage to rental vehicles, and it can add $5 or more to the daily rental charge.

- Read your policy carefully to make sure there are no limits on when a rental is covered — if in doubt, check with your insurance agent or company
- Some policies pay for a rental only while your car is being repaired as the result of an accident — but not when you are on vacation
- Some credit cards provide collision coverage whenever you use the card to pay for a rental

Adding a teenage driver?

- Once a teen becomes licensed your auto insurance premium will go up, no matter how much he or she actually drives
- While your teenager is driving with a temporary (learner's) permit, your premium might not be affected at all
- Check with the agent or company about the right time to add the teen to your policy

Get a list of authorized companies at www.insurance.ohio.gov — or call the Consumer Services Division at the Ohio Department of Insurance: 1-800-686-1526.

Consumer Complaints

You do not need a lawyer to resolve most disputes with an insurance company.

Try solving the dispute yourself

Insurance is a very competitive business. If you give the company a chance, you will generally find someone that is willing if not eager to straighten out problems.

- Start with the agent
- If not satisfied, contact the company's customer service office; most likely it's a toll-free number
- If customer service falls short of your expectations, ask to speak with a supervisor about the company's procedures for appealing decisions

If you're still not satisfied, call the Ohio Department of Insurance

If your self-help efforts fail, your next stop should be the Consumer Services Division of the Ohio Department of Insurance (ODI).

Call us toll-free: 1-800-686-1526

- Ask to speak with an automobile insurance analyst
- The analyst will answer questions over the phone and explain any additional steps you should take to resolve your own problem
- Our staff will give you honest, unbiased answers — if it sounds as if the company has done nothing wrong, we'll tell you

ODI & complaints

- If your issue requires follow up with the company, we'll send you a complaint form and instructions for filing a written complaint (we've also included a copy of the form on page 27 and you can find it on our website **www.insurance.ohio.gov**)
- We generally will send the company a copy of your complaint and ask them to resolve it or explain their side of the story
- By law, companies must respond to the Department of Insurance — most companies do so in a timely manner
- We will review all the facts to make sure the company has upheld its contract with you and has followed insurance rules and laws

Counting complaints

Every year, the Ohio Department of Insurance receives hundreds of complaints about automobile insurance.

- If your complaint raises questions that cause us to contact the agent or company, we will register it in our computer as a "complaint"
- A complaint means a customer has been unhappy with the company or agent
- It does not necessarily mean the law has been broken or that anyone did anything wrong

Insurance dispute tip

You can help avoid delays by providing complete, correct information to your insurance company and filing your claims as soon as possible.

Insurance Fraud

Insurance fraud is a crime!

Examples of fraud include whenever someone:

- Files a claim for a loss that never occurred
- Files a claim for damages not related to the loss
- Files a claim for damages that the owner *(and claim-filer!)* deliberately caused to the car
- Inflates a theft claim by exaggerating the value
- Lies about driving records, addresses, cars or the other details on the insurance application
- Makes a deal with a chiropractor or doctor to file phony medical claims with the insurance company

Everyone pays for insurance fraud!

- It is difficult to calculate because much fraud abuse goes undetected, but the insurance industry estimates that as many as 10% of all claims are fraudulent
- The industry's national estimates for fraudulent claims against auto and homeowner insurance range in the billions of dollars
- You and every person who buys insurance pays for those fraudulent claims through higher premiums

Report fraud

At any given time, the Ohio Department of Insurance is investigating more than 200 cases of suspected fraud.

If you suspect fraud

You can help start an investigation by calling the Ohio Department of Insurance Fraud Division:
1-800-686-1527

Important Note

People convicted of insurance fraud go to jail!

Consumer Services Division
50 W. Town St., 3rd Fl.
Suite 300
Columbus, Oh 43215
(614) 644-2673
(800) 686-1526
Fax (614) 644-3744
www.insurance.ohio.gov

Ohio Department of Insurance

John Kasich – Governor
Mary Taylor – Director

Consumer Complaint

Please note: This complaint form, all documents you send us, and any document received by our office as a result of handling your complaint may be a public record, subject to Ohio's Public Records Act. This law requires all public records to be available for inspection by anyone, upon request. **WARNING: All documentation we receive will be imaged, then destroyed. Make copies of your documents and send the copies to us. Do not send original records.**

If completing this form by hand, please use black or blue ink. DO NOT USE PENCIL.

Name

Address County

City State Zip Phone

Insured's Name (if different)

Name of Insurance Company

Policy or ID Number (if your ID is your Social Security Number, give only the last four digits)

Group or Employer Name

Name and Address of Agent/Broker (if involved)

Type of Insurance (check only one)

- ☐ Auto
- ☐ Credit Life/Credit Disability
- ☐ Disability Income
- ☐ Home
- ☐ Life
- ☐ Annuity
- ☐ Health
- ☐ Dental
- ☐ Other

Small Business Owners: Name of business
If you are a small business employer, please check here ☐

Type of Problem (check one or more):

- ☐ Cancellation or non-renewal
- ☐ Cash surrender/cash value not received
- ☐ Claim dispute or delay
- ☐ Payment not credited
- ☐ Misrepresentation
- ☐ Claim denial
- ☐ Policy not received
- ☐ Open enrollment
- ☐ Other

If this is a health insurance complaint, please attach the most recent response you received from the company.

Health Insurance Claim # Date of Service

If the problem is a claim dispute regarding auto, home, or other property Insurance:

Date and Location of Accident or Loss Claim #

Briefly describe your complaint. Please attach copies of all relevant documents.

If you need more space, please attach additional sheets.

How would you like to see your complaint resolved?

Please sign and date: To the best of my knowledge the above statement is correct. I understand that a copy of this form and any attachments may be sent to the insurance company or agent involved. I authorize the insurance company to release all the medical records relating to this complaint to the Ohio Department of Insurance, and I authorize the Ohio Department of Insurance to release medical records relating to this complaint to the insurance company or agent as necessary in order to resolve this complaint. I represent that I have the proper authority to execute this release.

Your Signature Date

Accredited by the National Association of Insurance Commissioners (NAIC)

Glossary

Adjuster
A person who evaluates damage and recommends how much the insurance company should pay. The adjuster may be a company employee or an independent who contracts with the company.

Agent
A person licensed by the Ohio Department of Insurance to represent the company, sell and service insurance policies.

Binder
A temporary insurance contract that provides proof of coverage until you receive a permanent policy.

Cancellation
Termination of a policy before its normal expiration date.

Claim
A request for payment on an insured loss.

Declarations Page ("dec page")
The page that shows your premium and coverages. Instead of sending you a new policy each year, the insurance company generally sends only a new dec page.

Deductible
The amount you must pay from your own pocket for each claim.

Endorsement
An agreement attached to an insurance policy that adds or subtracts insurance coverage.

Financial Responsibility (FR)
Liability insurance or a bond that promises to pay other people when you are negligent. You must show FR proof if you're stopped by a police officer or have an accident or if you are selected during the Ohio Bureau of Motor Vehicle's random verification process.

Gap insurance
Insurance that pays the difference between what you owe on your auto loan and your totalled car's market value.

Insured
The person and/or property covered by an insurance policy.

Insurer
A company that provides insurance. Insurers in Ohio are licensed and regulated by the Ohio Department of Insurance.

Liability
Any legally enforceable obligation.

Liability insurance
Insurance that pays another person for injuries to them or damage to their property when you are legally responsible.

Limit
The amount of insurance you have for a specific coverage.

Negligence/Negligent
Carelessness, fault. When your inattention or carelessness causes an accident, you are considered to have been negligent or at fault.

Premium
The amount you pay for insurance.

Territory
The geographical area where a company charges the same premiums to drivers with identical characteristics.

Read your policy!

Companies define insurance terms in different ways. Your policy's definitions section will explain what the company means when it uses words such as those here.

Contact ODI

To request consumer publications
or ask questions about insurance, please call the
Ohio Department of Insurance consumer lines:

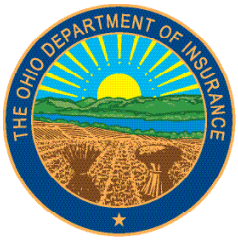
Medicare issues 1-800-686-1578
Other types of insurance 1-800-686-1526
Fax . . . . . (614) 644-3744

TDD/TTY phone users, please call Ohio Relay Service 9+711

For many Department services and
publication updates, please visit our website
www.insurance.ohio.gov

The Ohio Department of Insurance is an
Equal Opportunity Employer.

June 2012



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