



NW Insurance Council

Consumer Alert

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Do you know what's covered/not covered in your auto policy? Most people don't, survey shows

What to Know

- A recent online survey reveals that [40 percent of drivers](#) believe they have coverage that doesn't exist in an auto insurance policy.
- According to the survey, 49 percent of drivers think their auto policy includes "extended crash protection", which isn't an available coverage.
- A complete review of your [auto](#) and [home](#) insurance policies is recommended at least once a year to make sure you have the right coverage and to make sure you understand what is and isn't covered.

PORTLAND, OR, April 22, 2022 – A recent survey commissioned by [Forbes Advisor](#) reveals that most drivers don't understand what is and what isn't covered under their Auto Insurance policy, which can leave drivers with an unpleasant surprise when they learn that the damage to their vehicle isn't covered after submitting a claim.

The survey found that 47 percent of drivers think "additional living expenses" is part of their auto insurance, for example, when it's actually part of homeowners and renters insurance. And young drivers between 18 and 25 are most likely to believe they have coverage that doesn't exist.

“Hey, we get it – insurance can be complicated!” said NW Insurance Council President Kenton Brine. “That’s why there are many resources out here to help consumers understand their coverage needs, including our organization, our member companies and insurance agents and brokers, plus state insurance departments. Providing the best information to consumers is a goal we all share.”

The survey serves as a good reminder that it’s important to understand what is and isn’t covered under your insurance policies. Knowing a few basics about the kind of coverage all drivers should consider is a good starting point.

Here’s what NW Insurance Council calls the [“The Big Five”](#) auto policy coverage options:

1. **Liability Insurance:** All states but one (New Hampshire) require all drivers to either have auto liability insurance or purchase a bond to pay damages if your vehicle is involved in a collision and causes damage or injuries to others. The minimum limits of your liability policy are set by law, but you have the option to purchase higher limits.
2. **Uninsured/Underinsured Motorist (UM/UIM) coverage:** This policy is an option in some states (including WA, OR and ID), but is required in some others. Simply put, if you’re in a collision with a driver who has no insurance or not enough to pay your injuries or damages, UM/UIM is coverage that pays the difference between the other party’s available insurance and your actual damages (up to the limits you have purchased).
3. **Collision coverage:** Regardless of fault, if your vehicle collides with a tree, power pole, or piles into a snowbank, collision coverage will help pay the cost of repairs.
4. **Comprehensive (or “Other Than Collision”) coverage:** If a tree limb falls on your car, or it is stolen or damaged by thieves, or if you hit a deer, comprehensive coverage is the only coverage that will pay to repair or replace your vehicle.

5. **Personal Injury Protection (PIP) coverage:** Regardless of fault, PIP coverage pays for medical expenses if you or passengers in your vehicle are injured in a collision, up to the limits of the policy.

Many of these policies are “adjustable” to fit your needs. You may desire higher liability limits to protect against claims that could otherwise expose your personal assets in a lawsuit, for example, or you may want higher UM/UIM limits because the cost of repairing your newer, more expensive vehicle is higher than the liability limits carried by others.

The best way to find out whether the policies you have are meeting your needs is to review them at least once each year with your insurance company or agent.

For more information about Property & Casualty Insurance, visit NW Insurance Council’s website at www.nwinsurance.org, call 800-664-4942 or send an email to info@nwinsurance.org

NW Insurance Council is a nonprofit, insurer-supported organization providing information about home, auto and business insurance to consumers, media and public policymakers in Washington, Oregon and Idaho.

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