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AUTOMOBILE INSURANCE

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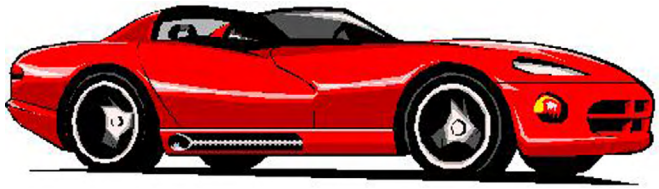

COMPARISON OF AUTOMOBILE INSURANCE COST

Coverage	Limits or Deductible	Annual Premium		
		Company 1	Company 2	Company 3
1. Liability:	Maximum Amount Policy Will Pay			
Bodily Injury	_____ per person			
	_____ per accident			
Property Damage	_____ per accident			
2. Damage to Your Insured Vehicle				
Comprehensive	_____ deductible per accident			
Collision	_____ deductible per accident			
3. Medical Payments	_____ per person			
4. Uninsured Motorist				
Property Damage	_____			
Bodily Injury	_____			
5. Underinsured Motorist				
6. Personal Injury Protection				
A. Medical Bills				
B. Loss of Wages				
C. Accidental Death				
TOTAL PREMIUM				
7. Membership Fees (If Any)				
8. Other Coverages				
TOTAL COST OF INSURANCE				

A Message From The Commissioner

The Arkansas Insurance Department takes very seriously its mission of "consumer protection." We believe part of that mission is accomplished when consumers are equipped to make informed decisions. We believe informed decisions are made through the accumulation and evaluation of relevant information.

This booklet is designed to provide basic information about automobile insurance. Its purpose is to help you understand terms used in the purchase of auto insurance and how those terms affect your coverage.

If you have questions or need additional information, please contact our Consumer Services Division at:

Phone: (501) 371-2640; 1-800-852-5494
Fax: (501) 371-2749
Email: insurance.consumers@arkansas.gov
Web site: www.insurance.arkansas.gov

Mission Statement

The primary mission of the State Insurance Department shall be consumer protection through insurer insolvency and market conduct regulation, and fraud prosecution and deterrence.

Coverages Provided by Automobile Insurance

The automobile insurance policy is comprised of several separate types of coverages: **COLLISION, COMPREHENSIVE, LIABILITY, PERSONAL INJURY PROTECTION, UNINSURED MOTORIST, UNDERINSURED MOTORIST** and other coverages. You are required by law to purchase liability protection only. All others are voluntary unless required by a lienholder.

LIABILITY

Under Legislation passed in 1987 and 1999, it is unlawful for any person to operate a motor vehicle within this state unless the vehicle is insured with the minimum amount of liability coverage: $25,000 for bodily injury or death of one person in any one accident; $50,000 for bodily injury or death of two or more persons in any one accident and $25,000 for damage to or destruction of the property of others.

Liability bodily injury (BI) protects you against a claim which may be made by someone who has been injured in a automobile accident for which you are legally liable. You will have coverage up to the limits stated in your policy.

Liability property damage (PD) protects you against a claim for damage to another person's auto or other property, real or personal, in an accident for which you are legally liable. You will have coverage up to the limits of your policy.

You may purchase higher limits of BI and/or PD liability if you feel the minimums required by law are not enough to protect you. Your agent can assist you in determining the appropriate amount.

Coverage For Your Automobile

COLLISION

Collision coverage pays for damage to your automobile as the result of colliding with another vehicle or object, regardless of who is at fault. Collision coverage has a deductible that you must pay for the repair of your automobile.

Shopping for Insurance

When shopping for insurance, here are some basic questions the company will ask. You will need to supply this information to the agent in order to obtain an accurate quote.

1. Principal owner and all potential operators of vehicle in the household.

   _____

2. Sex and age of each driver _____

3. Driver's license number of each driver _____

   _____

4. Marital status _____

5. Accidents or moving violations of each driver in last three (3) years.

   _____

   _____

6. Number of miles driven to and from work _____

7. Estimated number of miles driven each year _____

8. Type of auto to be insured

	Model	Year
Auto 1	_____	_____
Auto 2	_____	_____
Auto 3	_____	_____

9. Have you ever been cancelled or nonrenewed? _____

Cancellations

The company may *cancel* your policy after it has been in effect for over sixty (60) days for *only* the following reasons:

(1) Nonpayment of premium;
(2) Fraud/Misrepresentation in applying for the policy;
(3) Homicide arising out of use of a motor vehicle;
(4) Three separate convictions of speeding and/or reckless driving within the policy period and three months prior to the beginning of the policy period; or
(5) Conviction of driving while intoxicated.

A company must give you a 20 day written notice of their intent to cancel for the above reasons. However, a company must only give you a 10 day written notice if cancellation is due to nonpayment of premium.

Non-Renewal

If your company decides to nonrenew your policy on the expiration date, it must give you a 30 day written notice of its intent to nonrenew.

When applying for coverage with another company you cannot be refused coverage based solely on the fact you have been previously nonrenewed.

When buying collision coverage consider the amount of the deductible you can afford. The larger the deductible, the less premium you will have to pay. You should not have a deductible so large that you cannot afford to pay it if your automobile is damaged.

COMPREHENSIVE

Comprehensive coverage pays for damage to your automobile caused by collision with a bird or animal or damage caused by something other than a collision with another vehicle. Hazards covered under comprehensive include fire, theft, vandalism, water, hail, windstorm, and flood. This coverage can be purchased with or without a deductible.

Loan Requirements

When you finance your automobile, the lending institution will require that you have coverage on your automobile. The lending institution will be named as a loss payee on your policy so that its financial interest in the automobile will be protected. You should be aware that in the event of a total loss of your automobile, the actual value of your car may be less than the balance you owe to your lender. The purchase of Gap protection should be given consideration at the time of purchase of a vehicle.

If you should fail to purchase or maintain coverage on your automobile the lending institution will purchase coverage and you will be required to pay the lending institution any premium it had to pay for this coverage. This lender placed coverage is much more expensive than coverage you can purchase and may protect only the interest of the lender.

PERSONAL INJURY PROTECTION

Personal injury protection is offered in three parts. You may purchase any one or all three coverages; however, if you decide you don't want any part of this coverage you must reject it in writing.

These three coverages are *medical payments,* which include payments for doctor bills, X-rays, ambulance and funeral expenses; *lost wages* (with certain restrictions) and *death benefits*.

This coverage protects you and members of your household who are injured or killed while riding in your automobile. It will also cover passengers in your automobile who are not members of your household if they do not have this coverage under their personal auto policy. It also covers any pedestrian or cyclist struck by your automobile.

UNINSURED MOTORIST

Uninsured motorist bodily injury pays certain expenses for you and members of your household who are injured due to the negligence of an uninsured motorist. These expenses include medical bills, disability and death benefits resulting from that accident up to the limits of coverage purchased. Ark. Code. Ann. § 23-89-403(3)(A) mandates the insurer offer uninsured motorist bodily injury limits up to the liability limits the applicant has elected.

This coverage is available in two parts -- uninsured motorist bodily injury (UMBI) and uninsured motorist property damage (UMPD). You may purchase the bodily injury without purchasing the property damage coverage; however, in order to purchase the property damage coverage, you must first purchase the bodily injury coverage.

Uninsured motorist property damage pays for damages to your automobile subject to a $200.00 deductible if your auto is damaged by an uninsured motorist. The $200.00 deductible does not apply if your auto is insured by the same company for collision and UMPD coverage, the uninsured motorist is positively identified, and solely at fault.

Any person who purchases liability coverage will be offered Uninsured Motorist Coverage. This coverage will be included in the policy unless you sign a statement *rejecting* the coverage.

UNDERINSURED MOTORIST

Underinsured Motorist pays should you be struck by another party who does not have sufficient liability coverage to pay for all of your damages for bodily injury. This coverage may pay the excess expenses up to the limit of the coverage you purchased.

Arkansas Automobile Assigned Risk Plan

If you cannot obtain auto liability insurance through the voluntary market, you may have your agent apply for coverage for you through the Assigned Risk Plan.

Purchasing Automobile Insurance

You should be aware that in a competitive insurance market insurance companies charge different amounts for essentially the same coverage. Shopping around may result in savings to you on your automobile insurance. Be sure to take into consideration the services provided by the company.

Here are a few ideas that may help you save money when purchasing your automobile insurance:

- Consider increasing the amount of your deductible. Decide how much of the initial loss to your automobile you can afford to pay and see what deductibles various companies offer.
- Consider having a deductible on your comprehensive coverage rather than no deductible at all. You may even want the same deductible on both Comprehensive and Collision.
- Submit proof that any young drivers have completed a driver education course which meets the standards set by the National Conference of Driver Education. You may be entitled to a discount.
- If you have a driver over the age of 16 and under the age of 25 who is either a full time student or a graduate of a college or university with a "B" or better grade average or a 3 point average on a 4 point scale, this driver may qualify for a good student discount.
- High performance cars, sports cars and exotic cars are usually rated higher by insurance companies. In fact, it may be difficult to find a company that would be willing to insure the automobile.
- Inquire about any discounts the company may offer. If you insure more than one automobile, you may qualify for a multi-car discount. Discounts to nondrinkers, nonsmokers, and accident-free drivers may be offered.
- Arkansas law requires insurance companies to give a discount on auto premiums to insureds over 55 years of age who have completed a motor vehicle accident prevention course approved by the Office of Motor Vehicles.

Filing a Claim

Your insurance policy will outline your duties to the insurance company in case of a loss:

☑ Report all accidents to the police.

☑ Report the loss to the company as soon as reasonably possible.

☑ Use reasonable care to prevent further damage to your car.

☑ Cooperate with the company in settling the claim.

☑ File a proper proof of loss which the company will provide to you.

☑ Forward all documents concerning any lawsuit arising from any accident to your company immediately.