

Property and liability automobile

[Economics](#), [Insurance](#)



PROPERTY and LIABILITY AUTOMOBILE 3/13 The Personal Automobile Policy — one of the major costs of operating an automobile Perils Associated with Automobile Ownership/Operation Tort liability — lawsuits may result from the harm/damage you cause to other persons or property Note: 60% of all damages paid are for things other than damage to cars Death/Bodily Injury — the dollar costs of these are 6X higher than for property damage liability Note: contributing factors include age, sex, alcohol/drug use, speed, rural/urban setting or distractions (passengers, cellphones) Collision losses — the size and type of your vehicle are the big factors in predicting the degree of damages and cost of repairs. \$\$\$ Theft — frequency is highest among the most popular (Camry, Taurus, etc.) and high value (SUV, Lexus) vehicles; the frequency is also highest in urban areas (Willie Sutton theory) Non-collision losses — hail, fire, falling objects, animals, flood, storm, vandalism, etc.

COVERAGES A Liability — your own negligence — provides financial protection from tort liability; technology now allows electronic monitoring of drivers by insurers Property losses — includes damage to other vehicles, structures, livestock, etc. Bodily injury — medical care, pain and suffering, loss of income. Usually with upper-end limits for each person and each event. This is above the costs of defending yourself. Limits — BI liability per person/per accident/ PD property damages Note : Bankruptcy may not eliminate a court award. B Medical — this covers your own medical expenses from an accident, accidental D & D, etc. To the extent that this duplicates health coverage from your regular medical plan, it is not recommended for most drivers. C Uninsured/Underinsured motorist — covers you if the negligent party is not adequately insured D Physical Damage - to your car

(when no one else is to blame) Collision — covers damage to your own car in moving accidents Comprehensive — covers loss to your vehicle other- than-collision (storm, flood, animals)etc.) Non-owned auto- not regularly made available to the insured Deductibles — your co-payment; eliminates small claims; reduces premiums Included in your Liability Coverage Covered Auto Vehicles listed on your policy Temporary substitute — if you are driving someone else's car Towed Trailers Newly acquired Auto — automatic coverage for 30 days Covered persons Yourself Others in your household Temporary borrowers (with permission) Third Parties (such as your employer) who may be held liable for acts of an insured person Other Items Included in Your Policy Legal defense against frivolous claims Legal costs above damage award When you rent a car — broadest coverage applies; see if coverage is acceptable to rental agency Automatic extension to minimum required coverage when driving out of state Note: different states have different minimums Exclusions and Limitations Hiring out your car Commercial use — JimmyJohn/Domino's delivery, taxi, hauling Exception for automotive businesses who may test drive your car Without permission Less than 4-wheeled vehicles (e. g. - a borrowed ATV) Intentional damage by covered person War or civil disturbance Failure to report/preserve & protect Contents Wear and Tear — " Inherent Vice" Trailers — only liability coverage and only while pulling Employer's car Note: coverage is defined more narrowly if it is not your car Note: replacement is limited to " like kind and value" Note: " actual cash value" may not be fair market value Note: keep a small disposable camera in the car to photograph accident scene Other Contractual Provisions Subrogation Clause — gives insurer the right to

pursue liable third parties Cancellation — insurer may cancel with 60-day notice Proof of loss — you may be required to supply proof of loss International Limitations Factors affecting your premium Vehicle year, make & model — these are theft and repair cost factors Your age — inexperience; statistical grouping (under 20 has 4X crash rate per mile driven) Sex — males still greater risk (add a 16 year-old boy, rates double; add a girl, up 50%) Marital status — presumption of stability if married Usage — type of driving and yearly mileage Driving record — this is the item over which you have greatest control Driver's Education Good student discount — usually for GPA 3.0 or higher Local Factors —territory, weather, road quality, crime rates, etc. (Lincoln's collision rate is 16% below the national average). Multi-car discounts Deductibles — using higher deductibles means lower premiums Legal Considerations Assigned Risk Plan — state administered pool for uninsurable drivers Financial Responsibility Laws — proof of insurance or of ability to pay No Fault Laws — your own insurer pays and may be reimbursed by negligent party once fault is established FACTOIDS: Note: the first documented automotive fatality was Henry Hale Bliss who stepped off a trolley into the path of an automobile on Sept. 13, 1899 The 32,788 fatalities recorded in 2010 was the lowest since 1961 and down from 41,259 in 2007. Lincoln has 5th safest drivers in US. On average we go 12 years between accidents. The national average is 10 years. (Washington DC is worst) Genetics — A 2009 study showed that drivers with a particular genetic variation had 20% lower scores on driving skills test. In the U. S., 30% of all drivers have this genetic variation. One out of seven drivers is uninsured. Home Ownership Types of Policy: - HO-1 basic coverage of common perils -

HO-2 broader coverage, looser definitions - HO-3 “ All-Risk" specified
exclusions* - HO-4 for rentals - HO-5 all-risk for personal property/content -
HO-6 for condominiums - HO-8 older homes with disparity between
replacement value and actual cash value *all risks are covered except those
specifically excluded Section I — Property - Dwelling - Unattached structures
- Personal property (contents) o Scheduled items o Non-Scheduled items -
Loss of Use Inclusions, Exclusions, Limitations - Things excluded from
coverage o Some contents - Limitations to property coverage o Some perils
to dwelling - Special extensions/ Specific endorsements o Earth movement o
Federal flood insurance Section II — Liability - Personal Liability o Harm
caused to others physically o Harm caused to property of others - Medical
payments to others o Not necessary to show legal liability, negligence or
fault - Personal “ Umbrella" Policy can be added TAKE AWAY Coverages
Liability Medical Underinsured/uninsured motorist Physical Damage Collision
Non-Collision What constitutes a Covered Auto and a Covered Person
Exclusions/Limitations Contractual Provisions Factors Affecting Your Premium
Terminology .