FORT CAMPBELL CONSUMER AFFAIRS

101st Airborne Division (AASLT) FT. Campbell, KY

CAO 02- **DO YOU KNOW YOUR AUTOMOBILE INSURANCE** 05 MAR

The Fort Campbell Consumer Affairs Office (CAO) recently received several serious complaints of consumers experiencing major and significant out of pocket expenses due to a lack of knowledge or understanding of their automobile insurance coverage. In many cases, consumers were sold Total Loss Protection (TLP) coverage and erroneously believed that their vehicles' physical damages would be covered. Unfortunately, the TLP policies offered coverage for totaled vehicles only and, therefore, all damages short of totaled (typically up to 70% value of vehicle) were the responsibility of the consumers. Also, those policies also placed a limit of $5,000 of coverage. In other words, the consumer would never receive money for more than $5,000 worth of damage. Needless to say, this often results in an out of pocket loss of thousands of dollars.

What is full coverage?

"Full coverage" typically consists of the following types of coverages: Bodily injury and property damage (together referred to as liability coverage) medical payment coverage, uninsured / underinsured motorist, rental car reimbursement, and comprehensive and collision (together referred to as physical damage coverage).

What is collision coverage?

Collision coverage will pay for the repairs to your own vehicle if you are the one who is at fault in the accident. (Ideally, if the other party is at fault in the accident, their property damage liability insurance will pay for the repairs to your car.) The insurance company will usually give you only the actual cash value of your car and not the amount that you will have to spend to replace your car. As a result of this, if you have or are planning to finance a vehicle, you may want to consider obtaining GAP insurance coverage which, in the event of a totaled vehicle, makes up the difference between the loan value and the actual cash value (amount paid by collision and comprehensive coverage).

What is comprehensive coverage?

Comprehensive coverage pays for damage to your car that was caused by events other than a car accident. Covered events can include theft, fire, vandalism, natural disasters -- even hitting a deer. Comprehensive coverage, like collision coverage, usually insures only the actual value of your car and not the replacement value

What is uninsured or underinsured motorist coverage?

Uninsured or underinsured motorist coverage (UM coverage) pays for your injuries if you are struck by a hit-and-run driver or by someone who does not have adequate insurance -- either because they have no coverage or because they do not have enough coverage -- to pay for your injuries. Normally, this type of coverage is limited to bodily injury, and it will not pay for damage to your vehicle or for other types of property damage. To get that kind of coverage, you will have to add collision coverage to your policy

What is liability insurance?

If you are at fault in a car accident, liability insurance pays for the damages that you cause to someone else. It does not pay for your own damages. There are two kinds of liability insurance: bodily injury and property damage. Bodily injury expenses include medical bills, rehabilitation expenses, and lost wages. Property

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