



# Auto Insurance

Auto insurance helps pay for the injuries and damage that can happen when you own and drive a car or other motor vehicle, that may be an auto, truck, van, motorcycle, or another kind of private passenger vehicle.

California law states you must show financial responsibility for any vehicle that you own, in case of injury to other people or damage to their property. Most people show financial responsibility by buying auto liability insurance. If you do not have auto liability insurance, you may be fined, your license may be suspended, and your vehicle could be impounded.

## Your Auto Policy

Your auto insurance policy is a contract between you and your insurance company. It explains:

- Your costs.
- Your coverages—the different things your policy covers.
- Your exclusions—the things your policy does not cover.

## Compare Policies

Auto policies can vary a lot. Discuss your insurance needs openly with your agent, broker, or insurance company

## Know Your Policy

It is important to be familiar with your auto policy before you need it. The Declarations page is a useful summary of your policy.

## Know Your Rights

### Good Driver Provision

Every automobile insurance company must offer coverage for Good Drivers. A Good Driver is a person who has been licensed for at least three consecutive years and has no more than one-point on his or her driving record. It is important to note that your rates as a Good Driver must be at least 20% lower than a non-Good Driver's rates would be at the same insurance company.

### Cancellation/Nonrenewal Provisions

There are only three reasons an automobile policy can be canceled/non-renewed once it is issued:

- Fraud/material misrepresentation
- Non-payment of premium
- Substantial increase in the hazard insured against

## Auto Insurance Costs

### Premium

A premium is the amount you pay to the insurance company to buy your auto policy.

### Deductible

A deductible is the amount of loss which the insured is

responsible to pay. You usually pay a lower premium if you choose a higher deductible.

### Limits

Each kind of coverage has its own limits.

### Do I pay a fee to my agent or broker?

Agents are paid by insurance companies, not by you. If you work with a broker, you will usually pay a broker's fee.

### Do all insurance companies have the same costs?

No. Costs vary, even in the same area.

### I cannot afford my premiums. What can I do?

California has a Low Cost Automobile Insurance Program for drivers who are income eligible. For more information about the Low Cost Automobile Insurance Program, call toll-free at 1-866-602-8861, or visit the website at [Mylowcostauto.com](http://Mylowcostauto.com)

## Liability Coverage and California Law

Liability coverage helps pay for injuries or damage that you cause to others. Liability coverage does not pay for injuries to you or the people in your household. You can buy medical payments coverage for you and your household members.

### Minimum Liability Coverage

By law, the limits below are the minimum insurance limits for a standard auto policy. You must have at least this much coverage:

- \$30,000 for the death or injury of any one person . If one person is injured in the accident, your coverage pays up to \$30,000.

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- A total of \$60,000 for the death or injury of more than one person in any one accident. If two or more people are injured, the coverage pays up to \$60,000. The coverage will not pay more. The injured people share the money.
- \$15,000 for damage to the property of other people. This pays for damage you cause to someone else's car, or to objects and structures that your car hits.

### **You must buy liability coverage.**

Driving without insurance is illegal. Also, you must have liability coverage to register your car.

### **Other Coverage Options**

These are other coverage options commonly available for purchase.

#### **Uninsured Motorist Coverage (UM) / Underinsured Motorist Coverage (UIM)**

This covers you if you are in an accident with a driver who does not have any liability insurance, or is underinsured.

- Uninsured motorist bodily injury (UMBI): This pays for injuries to you and any person in your car when there is an accident with an uninsured driver who is at fault.
- Underinsured motorist (UIM): This covers limited costs for bodily injury if you are in an accident with a driver who does not have enough insurance to pay for damages.
- Uninsured motorist property damage (UMPD): This pays for the damage to your car from an accident with an uninsured driver who is at fault, and if you do not have collision coverage.

#### **Collision Deductible Wavier (CDW)**

This pays for your collision deductible if your insured vehicle is damaged in an accident with an uninsured driver who is at fault.

#### **Medical Payments Coverage**

This covers the cost of medical expenses if you or your passengers are injured. This coverage can pay for immediate medical care, no matter who is at fault.

#### **Physical Damage Coverages (Comprehensive and Collision)**

- Collision covers damage to your car caused by physical contact with another vehicle or an object, such as a tree, rock, guardrail, or building.

- Comprehensive covers damage to your car caused by something other than a collision. Collision and Comprehensive coverage provide compensation based on the market value of your car.

### **Endorsements**

- You can buy insurance for extra equipment, such as custom wheels, navigation systems, and custom equipment that is permanently installed.
- You can buy insurance for towing and road service.
- You can buy rental reimbursement insurance for renting a car when your car is being repaired after a covered accident.

### **If you have a car loan**

If you have a loan, you usually need to insure your car. If you do not buy insurance, the loan company may buy it and charge you. It usually costs less if you get your own Collision and Comprehensive coverage. Auto insurance does not pay off your loan if your car is damaged and its market value is less than what you owe. Auto dealers and lenders may offer Guaranteed Auto Protection (GAP) insurance for this purpose.

### **Filing a Complaint (Request for Assistance)**

CDI is committed to protecting your rights. Many questions can be answered over the phone. If we are unable to resolve the issue over the phone, you have the option of filing a Request for Assistance against the insurer or the agent/broker by mail or online on our website. The system will allow you to attach copies of all necessary documents, such as policies, canceled checks and correspondence. Some examples of the issues the Department may be able to help with include:

- Improper Denial of Claim
- Cancellation or non-renewal of a policy
- Delay in settlement
- Alleged misappropriation of premiums paid
- Alleged misrepresentation by an Agent/Broker or solicitor
- Unfair underwriting practices
- Dishonest or deceptive insurance sales tactics

### **Contact Us**

Consumer Assistance Hotline:

1-800-927-4357

TTY 1-800-482-4833

Visit us on the web at:

[www.insurance.ca.gov](http://www.insurance.ca.gov)

To order additional materials contact

Community Relations & Outreach at:

[crob@insurance.ca.gov](mailto:crob@insurance.ca.gov)



Led by Insurance Commissioner Ricardo Lara, the California Department of Insurance is the consumer protection agency for the nation's largest insurance marketplace and your best resource for honest and impartial answers to insurance questions. Knowledgeable insurance professionals are available through our consumer hotline. Call 1-800-927-HELP (4357) or visit [www.insurance.ca.gov](http://www.insurance.ca.gov) to view all of our consumer information guides and insurance resources. These tools are available to consumers free of charge.