



Protect Yourself...

If You Don't, Who Will?

© 2008 by Ali A. Akhtar

Let's face it: no one likes having to purchase auto insurance. On top of paying your monthly car loan, filling up every week with high gas costs, and paying for maintenance or repairs, the last thing you want is another regular car expense. But the law in Texas requires you to carry liability insurance, and it makes sense why: an automobile accident can cause serious property damage and bodily injury, and the driver at fault is expected to be responsible for it.

Fair enough, you say. So you choose to buy the minimum coverage that Texas law requires: \$25,000.00 per person / \$50,000.00 per accident for bodily injury, and \$25,000.00 per accident for property damage — also known in the industry as a “minimum limits” policy.¹ After all, if you buy the bare minimum coverage required, you will save money on your insurance premiums every month, and everyone likes to save money, right?

Unfortunately, those few dollars you save each month can wind up costing you thousands of dollars, or more, when you least expect it — and can least afford it.

Suppose, God forbid, that another driver is careless and gets into a major collision with you. It happens all the time on our busy streets and highways. You might need to be rushed to the emergency room with a fracture, get referred to a medical specialist, and also miss time from work in order to undergo treatment and recover from your injuries.

If the other driver is only carrying a minimum limits policy, then no matter how much your medical bills, lost wages, and pain and suffering are, the most you can collect from his insurance company is \$25,000.00. This may not be nearly enough to cover all your out of pocket damages and compensate you fully. Even more frighteningly, suppose the other driver was carrying no insurance at all, or carelessly let it lapse before the accident. Now there is nothing to collect for your losses. Unfortunately, this also happens all the time on our streets and highways.

How will your losses be covered? Some may say you can try to sue the other driver and get a judgment against him. Good luck! The laws in Texas provide a number of protections to a judgment debtor. For example, you cannot attach a judgment to his primary home or various types of personal property, and up to \$60,000.00 of the rest of his personal property is also exempt.² So, you may get a big judgment, but wind up not being able to collect any of it.

The good news is, you can (and definitely should) protect yourself from a nightmare like this by purchasing auto insurance coverage options that surprisingly few drivers know about or fully understand. These options are: uninsured/underinsured motorist (UM/UIM) coverage and personal injury protection (PIP) benefits.

UM/UIM coverage exists to compensate you for your injuries and property damage when another driver has either insufficient liability coverage, or no liability coverage at all, for losses that he caused you. When the other driver's liability limits are exhausted, or he has no liability coverage at all, you can proceed with a claim for your own UM/UIM coverage for the remainder of your uncompensated losses.

At that time, your UM/UIM coverage basically “steps into the shoes” of another driver’s insurance policy and acts like the other driver’s insurance policy would. In other words, just as another driver’s insurance adjuster will skeptically review your medical records, bills, and lost wages, question your damages, and negotiate as low as possible, so will your own UM/UIM carrier when the time comes. But just as your attorney can aggressively represent you to get the best possible recovery against another driver’s insurance policy, he can do the same with your UM/UIM policy.

UM/UIM coverage is typically offered at the same levels as liability coverage. Standard policies will offer UM/UIM coverage as high as 100/300/50 (i.e., \$100,000.00 per person / \$300,000.00 per accident for bodily injury, and \$50,000.00 per accident for property damage), with options to purchase even more. It is very highly recommended that you protect yourself by getting the highest possible UM/UIM coverage! You simply cannot trust other drivers out there to be responsible and carry adequate liability coverage. If another driver hits you and causes you major damages and injuries, you need to already be prepared and have the protection of adequate UM/UIM coverage. Many clients have learned this lesson the hard way — when it is too late.

PIP coverage is a no-fault benefit that can reimburse your out of pocket medical bills and lost wages. Minimum PIP coverage in Texas is \$2,500.00 per person³ and is typically offered in higher amounts such as \$5,000.00 or \$10,000.00, at additional cost. This means, in the case of a \$2,500.00 PIP policy, that you and any passenger in your car who may have to undergo medical treatment or lose wages from work as a result of an automobile accident, can be reimbursed for those out of pocket damages up to \$2,500.00 per person.

PIP benefits do not cover pain and suffering damages, but only out of pocket losses such as medical bills and lost wages.⁴ The other key feature of PIP is that it is paid out without regard to who is at fault for the accident. So, if another driver causes the accident, you can collect PIP benefits from your own insurance

policy for your out of pocket losses in addition to the liability settlement you would get from the other driver's policy. If you are at fault for the accident, you can still use your PIP to cover your own out of pocket losses.⁵ Again, it is very highly recommended that you protect yourself by getting PIP coverage in the highest amount possible. It will definitely come in very handy when you need it most.

Insurance companies in Texas are required to offer both UM/UIM coverage and PIP coverage, and in fact, the law holds that both forms of protection are so essential that at the time you sign up for a new insurance policy, unless you reject those types of coverage with your signature, you will by default get them.⁶ Sadly, too many clients have rejected these highly important benefits just to save a few dollars on their premiums, and have learned the hard way, after suffering an accident, the consequences of being without them.

So, now that you know what UM/UIM and PIP coverage really are, call your insurance company and find out how much it will cost for you to add the highest levels of each to your auto policy. Don't wait until the next time your policy is up for renewal; just pick up the phone and call today! You'll be surprised to learn that it really does not add much to your monthly premium to carry these very important protections.⁷

Hopefully, the time will never come when you have to use them, but if it does, you will be very glad that you didn't pinch pennies when it came to insuring yourself and the loved ones in your household.

The moral of the story is: protect yourself... because if you don't, who will?