

Auto Insurance

Consumer's Guide



Prepared by

Commonwealth of Virginia
State Corporation Commission
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Richmond, Virginia 23218

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This Consumer's Guide should be used for educational purposes only. It is not intended to be an opinion, legal or otherwise, of the State Corporation Commission on the availability of coverage under a specific insurance policy or contract, nor should it be construed as an endorsement of any product, service, person, or organization mentioned in this guide.

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The State Corporation Commission's Bureau of Insurance has prepared this Consumer's Guide to help you understand automobile insurance and how to get the coverage that best suits your needs. This guide explains the basic auto insurance coverages and will help you to decide how much insurance coverage you should buy. This guide also contains information that will help you if you have a claim or a complaint.

If you need more information about auto insurance, please call or write the Bureau of Insurance. You can call us in Richmond at (804) 371-9185 or on the State Corporation Commission's toll-free "hot line" number, which is (877) 310-6560.

I hope that reading this guide will be helpful to you, and I encourage you to contact us if you have auto insurance questions or concerns.

Sincerely,

Jacqueline K. Cunningham
Commissioner of Insurance

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1.

Shopping Tips

1. Tell your insurance agent or company certain facts about yourself and your driving habits. If these facts apply to you, they may entitle you to a lower premium:

- the existence of an anti-theft device, automatic seatbelts, and/or air bags;
- the car is used for pleasure driving only; you do not drive it to work;
- you are in a car pool and drive to work an average of no more than two days per week;
- you are a full time student and qualify as a good student (generally B average or above);
- the distance you drive to work is short;
- you drive less than 7,500 miles per year;
- you have had no accidents or violations; or
- successful completion of a driver education or defensive driving course.

Many consumers have failed to benefit from various discounts simply because they did not supply the necessary information to their agent.

1. Shopping Tips

2. **Ask your agent if he charges any additional fees over and above his commission.** Agents are allowed to charge fees for services, such as photocopying, mailing, and faxing, as long as the applicant or policyholder consents in writing before the services are performed. A schedule of fees must be kept in the agent's office. If you think your agent is charging too much, check with other agents to find out if they charge additional fees.
3. **Ask if a company charges a membership fee or other fees.** Some companies have additional charges not included in the annual premium amount that can increase the amount you will have to pay.
4. **Do your shopping as far in advance as possible.** This will give you time to consider more companies, and it will prevent a hasty decision. Remember, policyholders who change companies at times other than the renewal date of a policy are charged for the administrative costs of canceling the policy.
5. **If you have been turned down by one insurance company because you had an auto accident or traffic violation, try other companies.** Do not assume that you will be turned down by all companies. Just as companies have different premiums, they also have different underwriting standards. Keep trying. If several companies with low premiums turn you down, try some companies that have higher premiums.
6. **If all else fails and you are unable to obtain auto insurance, any licensed agent can obtain insurance for you through the Virginia Automobile Insurance Plan.** The Plan should be a *last resort* because the premiums are often higher than those of private companies.

2.

Why Should You Buy Auto Insurance?

If you cause an auto accident, you may be responsible for the losses of the other people involved. A claim may be made or a lawsuit filed against you for those losses. You may have to pay not only for the property damage you cause but also for the medical expenses, lost wages, and pain and suffering of any injured person. The amount of money you may have to pay could be substantial.

If you do not have insurance, anything of value that you own, including your home, savings, future wages, and other assets, may be taken to pay for those losses. Auto liability insurance will protect you so that this does not happen. Liability insurance also pays for a lawyer to defend you against any claim or lawsuit.



2. Why Should You Buy Auto Insurance?

You can also buy insurance to cover your injuries or damage to your auto. These optional coverages will pay you for your own losses whether or not you caused the loss.

Insurance is based on the theory that only a small portion of all drivers will be involved in accidents in any one year. The premiums paid by all drivers during the year are used to pay for the losses of those few drivers who have accidents. When you buy insurance, you receive financial protection in case you become involved in an accident. You also make sure that a person injured through your fault will recover for losses you cause.

You may feel that you never get to use your auto insurance unless something bad happens, but it makes sense to have that protection.



3.

When Should You Buy Auto Insurance?

- **When you decide to buy an auto.** You should have insurance in force on the day you first drive the auto as your own. If you obtain license plates prior to purchase, you will have to have an insurance company who has agreed to write your insurance and who has given you a policy number. The insurance will not need to be effective until you first drive the auto as your own. However, the Department of Motor Vehicles requires compliance with Virginia's financial responsibility law (as explained in Section 4) before you receive your license plates. You should consider having Coverage for Damage to Your Auto in effect on the day you obtain legal title to the auto even if you do not plan to drive it immediately. This will guarantee that if your auto is damaged or stolen before you drive it, you will be compensated.
- **When you trade autos or purchase additional autos.** When you purchase a vehicle there are certain coverages extended under your policy for a limited period of time. It is important that you contact your agent or company immediately to ensure your vehicle is properly insured.

If you have to borrow the money to purchase the car, your lender will typically require that you purchase Coverage for Damage to Your Auto. If you do not have this coverage on your own policy, the bank may get a policy to cover *their interest* only.

- **When your policy is up for renewal.** It is a good idea to regularly shop for auto insurance immediately prior to your annual renewal date. Check to be sure that you are buying the right types of coverages with the best combination of price and service. If you decide it is best for you to change automobile insurance

3. When Should You Buy Auto Insurance?

companies at renewal time, you should be aware that Virginia law allows an insurance company to cancel a new policy during the first sixty (60) days that the policy is in effect. This means that you may be denied insurance by the new company you have chosen after your old policy has already expired. The best way to prevent this from happening is to tell the new agent or company when you apply for a policy everything about your driving habits and your driving record, especially if you have been convicted of traffic violations or have been involved in an automobile accident.



4.

What Types of Auto Insurance Are You Required to Buy?

Virginia has a financial responsibility law which requires you to show that you can pay for losses resulting from motor vehicles you own or operate. These financial responsibility requirements can be met in one of two ways:

1. When you register your vehicles, if you certify that they are covered by an insurance policy, the policy must have the following minimum limits of liability:
 - **\$25,000** for injury or death of one person;
 - **\$50,000** for injury or death of two or more people;
and
 - **\$20,000** for property damage.
2. Uninsured Motorist Vehicle (UMV) Fee: **This fee which is paid to the Department of Motor Vehicles (DMV) does not provide any insurance; it only allows you to drive an uninsured vehicle at your own risk.** Although this option satisfies the requirements of the law, it does not constitute insurance, and your home, wages, and other assets may be taken to pay any valid claims against you.

4. What Types of Auto Insurance Are You Required to Buy?

Consequences: Vehicle owners who are uninsured and have not paid the UMV fee will have their privilege to drive and register motor vehicles suspended. To be reinstated, they may be required to pay a statutory fee, file a financial responsibility insurance certificate (SR-22) with DMV for three years, and pay a reinstatement fee.

If you buy insurance, your policy must contain the following coverages:

(1) Bodily Injury and Property Damage Liability.

This coverage provides protection in case you or drivers of your car are responsible for causing injury or death to other people or damage to property of others.

(2) Uninsured/Underinsured Motorist Coverage.

The Uninsured Motorist Coverage (UM) provides bodily injury and property damage protection to you if you are in an accident caused by an uninsured motorist or a "hit-and-run" driver. If your vehicle is damaged by a "hit and run" driver who cannot be identified, you must pay the first \$200. Every policy which offers motor vehicle liability coverage must include this coverage. Underinsured Motorist (UIM) coverage protects you directly in the event you are injured by a driver whose liability limits are not high enough to cover the damages and not as high as the UM/UIM liability limits on your policy. This minimum amount of coverage required by law is \$25,000/\$50,000/\$20,000.

5.

What Other Types of Insurance Are Available?

There are other types of auto insurance that are available in addition to the required coverages. This insurance can provide additional protection against financial losses resulting from an auto accident.

A. Coverage for Damage to Your Auto

“Collision” and “Other Than Collision” coverages, which are also known as physical damage coverages, pay for repair or replacement of your auto regardless of who is at fault. Collision coverage pays if your auto collides with most objects, including another car, or if it overturns. Comprehensive coverage pays for damage to your auto from almost all other causes such as fire, vandalism, water, hail, glass breakage, wind, and falling objects. It will pay even if your pet chews the upholstery. Comprehensive coverage also pays if your auto or parts of the auto, such as the battery or tires, are stolen. Typically, you will need Coverage for Damage to Your Auto if you borrow the money to buy your car from a bank or some other financial institution.



5. What Other Types of Insurance Are Available?

If you own an automobile which is insured for Other Than Collision and Collision coverages, your policy will extend those coverages to an automobile that you rent (on vacation, for example). If you rent a vehicle from a rental agency, you should read the rental agreement carefully before deciding whether to purchase the loss damage waiver or physical damage protection they offer. Your automobile insurance may not provide coverage for all your obligations under the rental agreement.

B. Medical Expense and Loss of Income Benefits Coverage

Medical Expense Benefits Coverage pays all reasonable and necessary medical and funeral expenses for you or others injured or killed in an accident while riding or driving in your auto. This includes hospital, surgical, rehabilitative, chiropractic, x-ray, dental, professional nursing, prosthetic, and funeral expenses. It will also cover you or members of your family if you are struck by an auto while walking or while riding in another auto. This coverage will pay for medical and funeral expenses even if you cause the accident. Usually, only expenses incurred within three years after the accident are included. **This coverage will provide benefits to anyone, such as a carpool mate, a friend, or a neighbor's child, injured in your car.**

Loss of Income Benefits Coverage pays you, your family, or others in your auto for loss of income up to \$100 per week for a period not to exceed 52 weeks.

5. What Other Types of Insurance Are Available?

C. **Transportation Expenses (includes rental reimbursement and loss of use coverage)**

You can buy coverage to reimburse you for the expense of renting a substitute vehicle if your auto is withdrawn from use for longer than 24 hours, and the withdrawal is caused by a collision or by an other than collision loss as defined in your policy. However, if the loss is as a result of the theft of the vehicle, transportation expense coverage begins 48 hours after the theft. Ask your company or agent about available coverage and limits.

Insurance companies are required by law to notify you that rental reimbursement coverage is available for autos insured for collision or Other Than Collision coverage.



6.

How Much Insurance Do You Need?

Buying the kinds and amounts of insurance you need is difficult because you cannot predict the future. You do not know if, or when, you will be involved in an auto accident or the amount of damage that might be caused. However, there are three general guidelines that you should follow when you buy insurance to protect your future financial security and to keep your present insurance premiums as low as possible. These guidelines are:

- **The more you have to protect, the more insurance you need.** If you own a home and are regularly employed at a good wage, you probably should buy more insurance than the minimum coverage required by law.
- **Buying insurance to cover your own smaller losses may be unnecessary.** If you take a higher deductible or do not buy collision coverage on an older auto, you may save money. The key to this guideline is to decide how much you could pay in the event of an accident without causing yourself financial hardship.
- **You should discuss your insurance needs with your agent.** It is this person's job to help you choose the types and amounts of insurance coverage you need.



6. How Much Insurance Do You Need?

You should consider buying the coverage discussed in the following sections when you buy insurance.

A. Additional Liability Coverage

The amount of liability insurance you buy above the required amount depends on how much you have to lose. You could be required to pay a large amount of money if you or a family member causes a traffic accident. A \$100,000 settlement or verdict against a negligent driver is not as uncommon as it used to be. If you have purchased only \$50,000 of insurance and there is a \$100,000 settlement against you, you will be personally responsible for the remaining \$50,000 in damages.

You should buy more than the minimum limits required by law. This increased insurance coverage is available at a modest additional cost. Insurance companies generally offer bodily injury liability limits of \$50,000/\$100,000, \$100,000/\$300,000, or greater. Purchasing coverage at the increased limits offers you additional protection at a small increase in premium.

You should also consider buying higher property damage insurance limits than required by law due to the recent increase in the costs of new automobiles and the costs of automobile repair work. The minimum limit required for property damage coverage is \$20,000. Insurance companies will generally offer higher limits such as \$25,000 or \$50,000 at a very modest additional cost.

Remember that you or a member of your family could cause an accident in which a number of other automobiles are destroyed or there is damage to a wall or fence. If you only have property damage insurance at the minimum limit of \$20,000 and the total amount of damage is greater than \$20,000, you will have to pay the remaining cost of repairs to all the damaged property out of your own pocket. This is an important factor to consider when you select your property damage insurance limits.

6. How Much Insurance Do You Need?

B. Additional Uninsured/Underinsured Motorist Coverage

Uninsured/underinsured motorist coverage protects you in the event you are injured by:

- a driver who does not have insurance,
- a driver with liability coverage less than your uninsured/underinsured motorist coverage, or
- a hit-and-run driver.

If you buy only the minimum amount of this coverage and you are in a serious accident caused by a hit-and-run driver, you may not have enough insurance to pay all of your own auto repair and medical bills. Or, if you are severely injured by another driver who only has the limits of \$25,000/\$50,000/\$20,000, this may not be enough to cover all your losses.

Although you can never be certain that a driver who injures you will have insurance or enough insurance, your ability to buy additional uninsured/underinsured motorist coverage gives you control over your own financial security.

The amount of uninsured/underinsured motorist coverage you purchase will equal the amount of your liability coverage unless you specifically request a lower amount.



C. Optional Insurance

If you buy **only** liability insurance and you cause an auto accident in which you are injured and your auto is damaged, your auto insurance policy **will not** pay you for your own losses. **Liability insurance pays only for losses you cause to others.** Uninsured/underinsured motorist coverage pays for your losses, but **only if these losses were caused by someone else without insurance.** To be fully protected you should buy optional insurance to cover your own losses in any accident, even one that you cause. The major optional coverages that will guarantee that you can pay your own auto repair and medical bills are comprehensive and collision coverages and medical expense and loss of income benefits coverage.

1. **Collision and Other Than Collision Coverage** – Collision and comprehensive coverage will pay you the “actual cash value” of your auto if it is stolen or totally destroyed. Generally, this means that you will only be paid the current market value for autos of similar model and year. The company will not pay the cost to replace your auto with a brand new, current model vehicle of similar quality and equipment.

Several factors should be considered when purchasing collision and comprehensive coverage. The age of the car may be the most important. As your auto gets older, the actual cash value decreases. If you are financing your auto, your lender will probably require you to keep collision and comprehensive coverages until the loan is repaid.

6. How Much Insurance Do You Need?

2. **Deductibles** – Collision and Other Than Collision coverages protecting you against damage to your auto can be bought at a much lower price if you take a “deductible.” This means that you agree to pay a specific amount from your own pocket to repair or replace your auto before you collect from your insurance company. For example, if you have a deductible of \$500 and a loss of \$2,500 occurs, you are responsible for the first \$500 before the insurer pays anything. If the loss is less than \$500, you pay for all of it yourself.

It is important to discuss with your agent or insurer the various deductibles the insurer offers and how the deductibles would impact your premium. Although the higher deductibles reduce the premium, the difference between a \$500 deductible and a \$1,000 deductible may not be enough savings to warrant the higher deductible. You should choose a deductible that you feel you can afford without causing financial difficulty if an accident occurs.

3. **Medical Expense and Loss of Income Benefits Coverage** – Medical Expense Benefits Coverage will pay you, your family, or occupants of your auto for reasonable and necessary medical, hospital, or funeral expenses that you have as a result of an auto accident regardless of who caused the accident. If the injured person is employed, disability coverage will pay for loss of income up to \$100 per week for 52 weeks. If a single policy covers two, three or four autos, and you purchased medical expense coverage, the total amount of medical expense and loss of income benefits coverages under that policy would be the total of the amounts on all of those autos. The maximum medical expense benefit is the limit on no more than 4 vehicles on the policy.

6. How Much Insurance Do You Need?

If you and your family are already covered by some other form of accident and health insurance, such as Anthem, or if you have adequate disability income coverage, you may not need medical expense and loss of income benefits coverages. But before you decide not to buy this coverage, please consider:

- **Health insurance usually covers only you and your family.** It does not cover others who may be injured while riding in your auto. If you want to cover these people, you should buy medical expense and loss of income benefits coverages.
- **Your other health insurance policy may exclude losses caused by auto accidents.** If auto accidents are not covered, you should consider buying the medical expense and loss of income benefits coverages.
- **Your health insurance policy may limit the amount you can recover to less than the total cost of all medical treatment you received.** Also, few health insurance policies provide loss of income benefits.

Comparing the benefits of your health insurance policy is a complicated process. You may wish to discuss your health insurance coverages with your employer or agent before shopping for auto insurance.

7.

How Do You Shop for Auto Insurance?

Virginia has a competitive rating law. This means that different companies will be charging different prices for auto insurance. Choosing your insurance company is like choosing your favorite brands of other products. Price is important, but it should not be the only thing you think about. Before buying your insurance, you should consider contacting a number of insurance agents or companies to find the best combination of quality and price for your needs.

If you decide to shop for auto insurance, the first step is to get to know the product you are buying. Read the earlier sections of this guide, especially Section 6, “How Much Insurance Do You Need?” If you know what you want before you shop, you are less likely to buy what you do not need. Then, ***call several insurance companies or agents. Ask each one to give you a quotation of how much the annual premium for a policy insuring your auto would cost.***



7. How Do You Shop for Auto Insurance?

Most companies sell policies that are renewable every six months. Consider buying a one-year policy if it is available so that there will be more time between premium increases. And be sure you ask if the prices you are quoted are for six months or one year. Tell each one how much insurance you want and describe yourself and your auto. Many companies have premium payment plans available. However, a separate service charge may be added to each installment. Premiums can also be financed through premium finance companies. A separate service charge and interest will be applied when financing your premium through a premium finance company. Any additional charges should be considered when comparing premiums. Use the Automobile Insurance Quotation Worksheet at the back of this guide to keep track of the information you will need to give them and the prices they give you.

The Bureau of Insurance publishes a consumer brochure designed especially for comparing sample auto insurance premiums in Virginia. This brochure is found on the Bureau's website, or you can contact the Bureau for a copy.

Once you have narrowed your search to two or three companies with the best range of prices, you should consider each company's reputation for financial stability, policyholder service, underwriting practices, and claims handling practices. Service is difficult to measure. However, you can get some indication of a company's quality by talking to different insurance agents. You may also ask your friends and neighbors who are policyholders of the companies that you are considering about experiences with their companies.

8.

How Do Accidents and Violations Affect Your Premiums?

If you or a member of your family has caused a traffic accident or has been convicted of the traffic violation, such as speeding or reckless driving, the price you must pay to obtain auto insurance might be higher. Insurance companies are allowed to increase your premium for automobile accidents where you, a member of your household, or other customary operator of the vehicle were wholly or partially at fault and for convictions appearing on an insured's driving record. Premium increases due to accidents or violations may be applied for 36 months. If you feel that your premium has been increased because of an accident that was not your fault, you may ask the Bureau of Insurance to review the premium increase due to the accident.



9.

What Should You Do When You Are Involved in an Accident or Have a Claim?

1. **Call the police if somebody is injured, or if the other party is not cooperating.**
2. **Obtain information.** Secure the name, address, registration number, insurance company name, and operator's license number of all vehicles and operators involved.
3. **Note the time, date, location, road conditions, make and year of vehicles involved,** apparent damage and injuries, and your version of what happened. Make a diagram of the accident scene.
4. **Notify your insurance agent or company as soon as possible.**
5. **Obtain the names and addresses of all witnesses and individuals involved in the accident.**
6. **Take reasonable steps to protect your property from further damage.**

If you have a physical damage claim, or any other type of claim notify your company promptly. Your agent may be able to help you file the claim. Fill out the forms correctly and completely, and make copies of the forms to keep for yourself.

After the company is informed of your claim they should send you any needed forms and verify your claim. The claim should be paid promptly after the company has received adequate proof of loss. If the company rejects your claim or pays only part of it, you should be given an explanation for the decision.

10.

Information for Seniors

Virginia law requires insurance companies to give a reduction in premiums to persons 55 years of age and older if they have successfully completed a motor vehicle accident prevention course approved by the Department of Motor Vehicles. Each insurer must determine the appropriate reduction. The qualification for reduced premiums is good for three years following the completion of the accident prevention course. Insurance companies are also permitted to make an appropriate reduction in premiums based solely on age to an insured person over the age of 55.

If you are a senior citizen, be sure to ask how much of a discount you are entitled to receive.



11.

Information on Collateral Protection or Force-Placed Insurance

If you finance the purchase of your automobile, your lender may require you to carry Coverage for Damage to Your Auto. If you do not already have this coverage, the lender may “force place” coverage for you, and you will have to reimburse the lender for the premiums paid. This is called collateral protection or force-placed insurance. In most cases, this coverage only protects the lender and does not protect you for your interest in the vehicle. In addition, it does **not** protect you against *liability* for damage or injury you cause to another person or automobile. If you do not want your lender to “force place” Coverage for Damage to Your Auto, you may add this coverage to your existing policy, or if you do not have an existing policy, you may wish to contact several agents or insurance companies to shop for the best price and coverage available. Remember that if you allow the lender to “force place” Coverage for Damage to Your Auto for you, the force-placed policy will not satisfy the financial responsibility requirements of the Department of Motor Vehicles to carry minimum limits of liability insurance.

12.

Frequently Asked Questions

1. **When can an insurance company consider my car a “total loss”?**

When the repair cost approaches or exceeds the actual cash value of the car.

2. **Do any insurers offer OEM (Original Equipment Manufactured) part coverage or replacement cost coverage?**

Unless the policy has a special provision for repair with OEM parts for replacement cost, your insurer may have your car repaired with parts of like kind and quality, which would include used parts or parts not made by the original manufacturer (aftermarket parts). If another insurer is paying your claim, be sure to advise the insurer if you have a warranty on your vehicle that has specific requirements that prohibit the use of anything but OEM parts.

Regardless if the damages are paid by your insurer or another insurer, the repairs and parts must be at least equal in like kind and quality in terms of fit, quality, and performance to the original manufactured parts they are replacing.

3. **Under the terms of the physical damage coverage in my automobile policy, do I have the right to make the decision as to whether to repair, replace, or receive cash for my wrecked auto?**

No. That is one of the rights given to the company by your policy.

12. Frequently Asked Questions

4. **Will an insurance company pay to replace items such as tires or batteries that are damaged in an accident?**

Yes. However, an insurance company will not necessarily pay for 100% of the replacement cost of such items as tires, batteries, or entire paint jobs. These items may be subject to a deduction for depreciation for the amount of time the item had been in use prior to the accident.

5. **Will my Other Than Collision coverage provide payment to me if my belongings are stolen from my car?**

Generally, only if the belongings are considered "automobile equipment" will the loss be covered. If the property is not automobile equipment, the loss may be covered under your homeowners policy.

6. **If I am involved in an accident where the other party was at fault, am I entitled to compensation for renting a substitute vehicle while my vehicle is being repaired?**

If the other party's insurer assumes liability for the accident, you would be entitled to recover reasonable costs which were incurred in hiring a comparable substitute vehicle for the period during which you are deprived of the use of your vehicle. The rental may not exceed a reasonable period of time for repairs to be made. You have an obligation to keep these costs to a minimum. You should provide the insurance company with a receipt for the rental cost.

If the company does not accept liability and you have Transportation Expense Coverage, an optional coverage available to you under your own policy, you could use your own policy to rent a vehicle.

7. **If my friend asks to use my car for his own errands, will my automobile insurance provide coverage to him while he is driving?**

Yes. All automobile liability policies in Virginia provide coverage to a "non-owner" operator if they are driving the vehicle with the permission of the "named insured."

12. Frequently Asked Questions

8. **If I choose to cancel my policy before its expiration, can the company charge me a fee?**

Yes. Policyholders who cancel before the expiration date may be charged an administrative “short-rate” fee by the company to cover their costs for processing the cancellation. The short-rate fee may be substantial, so prior to canceling a policy midterm, you may wish to discuss the amount of the short rate fee with your agent or insurer.

9. **Why am I considered an “Assigned Risk”?**

You become an assigned risk when no insurance company will voluntarily insure you. You may apply through any licensed insurance agent for your coverage to be *assigned to an insurance company*. Your application will then be processed and assigned to a company by the Virginia Automobile Insurance Plan.

10. **If because of my driving record I must purchase insurance through the Virginia Automobile Insurance Plan, how long must I remain in the Plan?**

You only have to remain in the Plan until you can purchase coverage in the regular (voluntary) market. Before each renewal, you should attempt to purchase insurance in the regular market by contacting companies or agents representing companies to see if they will accept you. The fact that one company will not accept you does not mean that other companies will not be able to accept you. If you have had no new accidents or violations, you may be able to find a company that will accept you.

11. **What happens if the Department of Motor Vehicles (DMV) determines that I have not met the financial responsibility requirement?**

If DMV determines that you have not met the financial responsibility requirement, DMV may suspend your license and require an SR-22 form to be filed by your insurance company and require you to pay an Uninsured Motor Vehicle fee, and if applicable, a reinstatement fee.

12. **Does the Uninsured Motor Vehicle fee provide insurance?**
No, this fee allows you to register and operate an uninsured vehicle without purchasing insurance. This fee does not provide any insurance protection. If you elect to pay this fee and not purchase insurance, you will be personally responsible for any injuries or damages for which you are legally liable as a result of an automobile accident.
13. **DMV has required me to have an insurance company file an SR-22 on my behalf. What does this mean?**
The SR-22 is a form that confirms that you are complying with the financial responsibility laws of Virginia. It is usually required in instances where you have had an accident with no liability coverage or as a result of a serious violation. The form must be filed with DMV by your present insurance company. If the policy is ever cancelled or nonrenewed, the company must notify DMV.
14. **What is the difference between points assigned to my driving record by DMV and an insurance “point” on my policy?**
An insurance company may assign “points” for a conviction or for an accident where you were either partially or wholly at fault. It is a surcharge to the policy’s premium and has nothing to do with the points on your motor vehicle record. DMV assigns points to your driving record for violating motor vehicle laws.
15. **Can a family member’s poor driving record affect my premiums or insurability if my driving record is clear?**
Yes. Virginia private passenger automobile policies automatically provide certain coverage to all members of the household. Because of this, companies may consider the driving records of all residents of your household when deciding whether to insure you or what your premium will be.

12. Frequently Asked Questions

16. **Is there a grace period for late payment?**

No. The company may cancel your policy for non-payment if the payment is even *one* day late.

17. **May an insurance company use non-original manufactured parts or “after market” parts in preparing an estimate for my vehicle that was involved in an accident?**

Yes. The company may have your car repaired with after market parts. However, they must disclose on the estimate or on a separate document that the estimate is based on the use of after market parts.

18. **How long does a company have to settle my claim?**

The company should acknowledge receipt of your claim report within ten working days. There is no specific time limit in which the company must settle your claim. Since each claim is different, the length of time to settle may vary.

19. **If my car is determined to be a total loss, can I keep the vehicle?**

Yes. However, the company's settlement offer will be reduced by the salvage value of your vehicle. Salvage value is the value of the vehicle after the loss.

20. **Is there any one method a company must use to determine the value of my vehicle when settling a total loss claim?**

There are many different methods a company may use to determine the value of your vehicle. There is no method prescribed by law.

21. **Do I have the right to select the repair facility that will make the repairs to my vehicle after it has been involved in an accident?**

Yes. Although many companies will suggest body shops or repair facilities, the final decision is yours.

22. **I am dissatisfied with the repair work done to my vehicle by a repair facility I chose. What obligation does the insurance company have to correct this?**

The insurance company is responsible for paying for repairs to your vehicle. Since you chose the repair facility, you are responsible for making sure the job is done satisfactorily.

23. **I was involved in an accident. The other person's insurance company has denied my claim based upon contributory negligence. What is contributory negligence?**

Virginia is a contributory negligence state. Contributory negligence is a principle of law that recognizes that injured persons may have contributed to his/her own injury. For example, by not observing the "Don't Walk" sign at a crosswalk, pedestrians may cause accidents in which they are injured. This means if you are responsible for the accident in any way, you could be prevented from recovering from the other party.

24. **Does my agent have to inform me if he sells me an automobile club service agreement or an accidental death and dismemberment policy together with an insurance policy?**

Yes, a written disclosure must be given to you which includes the name or type of each insurance policy and automobile club service agreement that you have agreed to purchase, the premium quotation for each policy, and a statement that you have elected to purchase these products. If your application for insurance was made by telephone or electronically, this disclosure must be mailed to you within 10 days of the date of application.

12. Frequently Asked Questions

25. **Does my automobile insurance policy cover me if I have an accident in another country, such as Canada or Mexico?**

Your automobile insurance policy covers you for accidents that occur within the United States, its territories or possessions, and Canada. It does not cover you for accidents which occur in Mexico or other countries. Before driving in another country, you should find out how much insurance is required to be carried in that country and how to purchase it. Before you drive in Canada, you should ask your insurance company to provide you with the appropriate certificate or verification of insurance.

26. **Can an insurance company refuse to issue me a policy or increase my premium if I have bad credit or if someone in my household has bad credit?**

Yes, but your insurance company cannot *nonrenew* your policy *solely* on the basis of your credit report. If an insurance company takes an adverse action based in whole or in part on your credit report, the insurance company must tell you the primary characteristics that were used as the basis for the adverse action or tell you that you have the right to request this information. Also, if your insurance company uses your credit report to rate or underwrite your policy, it must tell you at the time of application that you have the right to request that your credit report be updated (no more than once during any policy term) and that you have the right to question the accuracy of the credit information. Certain factors may not be used when evaluating your credit information, such as your income, gender, address, zip code, ethnic group, race, color, religion, marital status, and nationality. Other factors are prohibited, too, such as information showing your credit report as being in dispute, insurance inquiries, non-consumer initiated inquiries, and those indicated as being medical industry accounts.

27. Will my automobile insurance policy cover physical damage resulting from acts of terrorism?

If you have purchased Other Than Collision coverage and the damage is the result of a covered peril, coverage cannot be excluded if it was the result of an act of terrorism.

28. I was involved in an accident, and the other driver's insurance company has accepted liability. Am I entitled to diminished value?

In Virginia, liability coverage of an automobile insurance policy states that the insurance company will pay for all of the damage that its insured is legally obligated to pay. Insurers in Virginia typically consider each claim on its own merits and pay diminished value when the investigation warrants payment. However, Virginia law is silent regarding the issue of diminished value, and there is no method prescribed by law to determine the vehicle's diminished value. The insurer should consider any credible evidence of diminished value before determining whether or not it is owed on a particular claim.



13.

What About Insurance Complaints?

A. Know Your Rights

Consumers have been given certain rights by law. Virginia law provides that if an insurance company refuses to issue an auto policy to you, the company must tell you the reasons why. However, you may have to ask for these reasons. **If you are refused insurance, ask for the reasons why.** It may be that the insurance company's decision to deny you insurance was based on incorrect information. You will then have the right to obtain a copy of the company's file concerning you. If the file contains information that is wrong, you will be allowed to correct this information.

Virginia law also **prohibits** an insurance company from refusing to issue an automobile policy solely for the following reasons:

- **because you have been refused auto insurance by another company;**
- **because you once purchased insurance through the assigned risk plan; or**
- **because of your age, sex, residence, race, color, creed, national origin, ancestry, marital status, or lawful occupation (including military service).**

If you are refused auto insurance for one of the reasons listed above and no other reason, the action taken by the insurance company is illegal.

13. What About Insurance Complaints?

Also, after your policy has been in effect for sixty (60) days or more, the company cannot cancel your policy for the remainder of the policy term unless:

- **you fail to pay the premium;**
- **your driver's license is revoked or suspended;**
- **an operator in your household or anyone who customarily operates your auto has had their license revoked or suspended; or**
- **your legal residence has been changed to another state and your automobile will be garaged in the new state of residence.**

A company intending to nonrenew your policy must give you 45 days notice in writing stating the termination date and the reason for termination. The notice must also tell you that you have a legal right to appeal to the Insurance Commissioner and obtain insurance through the Virginia Automobile Insurance Plan.

A company cannot nonrenew your personal auto policy solely for the following reasons:

- **age, sex, residence, race, color, creed, national origin, ancestry, marital status, or lawful occupation (including military service);**
- **lack of driving experience or number of years of driving experience;**
- **lack of supporting business (such as a homeowners policy);**
- **one or more accidents or violations that occurred more than 48 months before your policy's upcoming anniversary date;**
- **one or more uninsured/underinsured motorist claims where the uninsured/underinsured motorist is known or there is physical evidence of contact;**
- **a single not-at-fault claim filed under your medical expense benefits coverage;**
- **one or more claims filed under the comprehensive coverage or towing coverage of your policy;**

13. What About Insurance Complaints?

- **two or less accidents within three years unless the accident was wholly or partially the fault of the named insured, a resident of the same household, or other customary operator; or**
- **credit information.**

As an automobile policyholder, you have the right to collect the benefits promised should an accident occur. If you make a claim and you believe that your insurance company is not living up to its obligations, you can force the company to honor your valid claims. If your claim is \$3,500 or less in excess of any deductible and a company in bad faith refuses to pay you promptly, you can file suit against the company and recover double the amount your company owes plus reasonable attorney's fees and expenses. If your claim is more than \$3,500 in excess of any deductible and a company in bad faith refuses to pay you promptly, you can file suit against the company and recover the amount your company owes plus interest together with reasonable attorney's fees and expenses.

B. When You Have A Problem

1. Contact Your Agent or Company

If you believe you have been improperly terminated or denied auto insurance illegally or if you believe your insurance company has refused to pay all or part of a valid claim, you have the right to question and complain. Sometimes a mistake has been made, and it will be corrected if an inquiry is made.

A complaint by letter is best. Keep a copy of your letter. **If you decide to complain by telephone,** keep a written record of:

- The date and time of your call;
- The name of the person you talked to; and
- What was said during the call.

13. What About Insurance Complaints?

2. Help from the Bureau of Insurance

If you do not receive a prompt, courteous, and satisfactory response, you may need to get help to resolve your problem.

The State Corporation Commission **Bureau of Insurance** provides free professional information and complaint services to all Virginia residents.

To use these services you can:

- **Call 371-9185** if you live in Richmond
- **Call (804) 371-9206** for Telecommunications Device for the Deaf
- **Call (877) 310-6560** the **toll-free** Hot-Line Number
- **Fax (804) 371-9349**
- **Review the Bureau's Web site:**
www.scc.virginia.gov/boi/
- If you want to email us with a general question, please contact us at: bureauofinsurance@scc.virginia.gov
- **Visit the Bureau of Insurance**

Tyler Building
1300 East Main Street
Richmond, Virginia

- **You may use the complaint form found at the back of this booklet or download a form from our website (www.scc.virginia.gov/boi/) and mail it to:**

Commonwealth of Virginia
State Corporation Commission
Bureau of Insurance
P.O. Box 1157
Richmond, Virginia 23218

13. What About Insurance Complaints?

The Bureau of Insurance will:

- Thoroughly investigate your complaint;
- See that you get a clear response to your questions;
- Cut through red tape; and
- Correct misunderstandings.

But the Bureau cannot:

- Force a favorable action on your complaint if it is not supported by facts and law.
- Provide legal services that are sometimes required to settle complicated problems.

If the Bureau is unable to resolve a problem, we will tell you why. If the law and facts are on your side, we will try to see that your rights are protected and that your complaint is resolved in a satisfactory manner.



14.

Glossary

1. **Automobile liability** – a person’s responsibility to others for bodily injury or property damage caused by his or her automobile.
2. **Collision coverage** – coverage for your automobile when it overturns or collides with another car or object.
3. **Commission** – a percentage of the policy premium that an insurance company pays to an insurance agent for servicing the account.
4. **Coverage for Damage to Your Auto** – coverage for damage to an automobile owned by the insured. There are two kinds of coverage – Collision and Other Than Collision insurance.
5. **Deductible** – an amount you must pay if you have a claim. The deductible is subtracted from the amount the company is obligated to pay. The higher the deductible, the lower the premium.
6. **Loss of income benefit** – in the event of an accident, coverage is provided for you or others in your automobile for income loss up to \$100 per week, not exceeding 52 weeks.
7. **Medical expense** – covers the medical/funeral expenses of a person who is injured/killed in an automobile accident. The coverage applies no matter who is at fault.

8. **Other Than Collision** – (formerly known as comprehensive coverage) coverage for losses to your automobile, such as fire, vandalism, water, hail, glass breakage, wind, falling objects, theft, and contact with bird or animal.
9. **Transportation expenses** – provides temporary coverage for the rental of a substitute vehicle while yours cannot be driven because of a collision or other than collision loss.
10. **Uninsured/underinsured motorist coverage** – coverage that applies when you are injured in an auto accident caused by a person who does not have insurance, a driver whose liability limits are not high enough to cover your damages, or a hit-and-run driver.



State Corporation Commission
Bureau of Insurance
Property and Casualty Division
Post Office Box 1157
Richmond, VA 23218

I wish to file a complaint: (please print)

1. My name is: _____ Day Telephone: _____
(Area Code+Number)

2. Mailing Address: _____
(Street/Apt. Number)

City: _____ State: _____ ZIP: _____

3. If you are not the insured or the person on whose behalf this complaint is being filed, please tell us who is and explain your relationship:

4. I am complaining against:

a. My insurance company: _____
(Name of Insurance Company or Agent)

(Address, if known)

(Phone Number)

b. Other party's insurance company: _____

(Name of Insurance Company)

(Other party's name)

(Policy or Claim Number)

5. The Insured's Policy, Claim, Certificate or ID Number is: _____

6. The type of insurance is: Auto Homeowners Other _____
(please circle)

Date of Loss: _____

The details of my complaint are: (type or print clearly, use other side if needed)

I am enclosing copies of all correspondence or other papers relating to this matter that may assist the Bureau of Insurance in its evaluation of my complaint. I understand and agree that a copy of this form and any or all of the enclosed information may be provided to the party complained against, other regulated entities, or the appropriate state or federal agency. I also authorize the insurance company to release all medical records relating to this complaint to the Bureau of Insurance, and I authorize the Bureau of Insurance to release medical records relating to this complaint to the insurance company. I also agree that by signing this form I authorize the Bureau of Insurance to obtain any information required to evaluate my complaint.

(Date)

(Signature)

Automobile Insurance Quotation Worksheet

RATING INFORMATION

	Age	Sex	Marital Status	% Use of Car	Annual Mileage _____
Principal Operator	_____	_____	_____	_____%	Number of Days per Week or Weeks out of 5 Weeks if Driving in a Car Pool
Other Driver(s)	_____	_____	_____	_____%	Number of Miles One Way if Driving to and from Work Every Day _____

Number of Accidents or Moving Violations in the Last 3 Years _____ Notes:

List on separate sheet. Use date of conviction for violations.

	Make	Model & Year
Type of Auto(s) to Be Insured		
Auto 1	_____	_____
Auto 2	_____	_____

INSURANCE QUOTES

		<u>ANNUAL PREMIUMS</u>			
		Company	Company	Company	Company
LIABILITY LIMITS					
Bodily Injury	_____ per person	_____	_____	_____	_____
Bodily Injury	_____ per accident				
Property Damage	_____ per accident				

Uninsured/Underinsured Motorist

Bodily Injury	_____ per person
Bodily Injury	_____ per accident
Property Damage	_____ per accident

Coverage for Damage to Your Auto

Other Than Collision	_____ deductible per accident
Collision	_____ deductible per accident

Other Coverages

TOTAL ANNUAL PREMIUM

Membership Fees (if Applicable)

Installment Charges

TOTAL ANNUAL COST OF AUTOMOBILE INS.

From: Commonwealth of Virginia
State Corporation Commission
Box 1157
Richmond, VA 23218

To: