



We all know that car insurance is important. But sometimes, in an effort to save money, people will buy the bare minimum. **Unfortunately, this could end up costing them more in the long run if they're involved in an accident.** Here's why buying the bare minimum auto insurance is a risky move, and what to focus on instead.



DANGERS OF LIABILITY ONLY

When it comes to car insurance, having only liability insurance can be a costly and dangerous mistake. Liability insurance does not provide any coverage or protection for damages or injuries to you or your vehicle.

Unfortunately, medical bills after an accident can add up quickly and the costs can be overwhelming. In addition to protecting yourself from potential medical bills after an accident, comprehensive car insurance also provides reimbursement for repairs made to your car and possibly even a loaner vehicle if needed. **The money saved in choosing only liability insurance may look like a great deal in the beginning, but could cost you much more than expected later on when accidents happen.**

HOW COMPREHENSIVE AND COLLISION COVERAGE CAN PROTECT YOU

Comprehensive and collision coverage can be an essential part of car insurance for those who want to protect their financial security. These coverages are designed to protect your car from:

- theft
- vandalism
- damage from a variety of sources, such as hitting a deer or getting into an accident with another driver

It can also include:

- emergency roadside assistance
- rental car reimbursement
- coverage for medical expenses if you're involved in an accident
- other items that help make sure incidents involving your vehicle won't come with huge financial considerations

When deciding whether to include comprehensive and collision coverages in your policy, remember that they are in place to give you **financial protection and peace of mind** while traveling.

WHY MICHIGAN DRIVERS SHOULD ELECT HIGHER LIMITS

The 2019 no-fault reform allowed Michigan drivers the ability to choose their level of protection relating to medical coverage for catastrophic claims. It also mandated a reduction in PIP (personal injury protection) rates, an increase in state minimum bodily injury limits, and prohibited rating based on gender, marital status, education, occupation, credit score, or zip code.

While Michigan drivers now have the option to modify their PIP coverage selection annually, **Kapnick advises all drivers to select the broadest options available** to best protect themselves and their assets, including the following minimum coverages:

- Unlimited PIP (Personal Injury Protection) Coverage
- Bodily Injury Limits of \$500,000 per accident/\$500,000 per occurrence
- Uninsured Motorists Limits of \$500,000 per accident/\$500,000 per occurrence
- Underinsured Motorists Limits of \$500,000 per accident/\$500,000 per occurrence
- Property Damage Coverage of \$500,000
- Personal Umbrella Minimum Limit of \$1,000,000

The **minimum limits may provide the cheapest rate in the short term, but they don't provide ample protection for what you value most.**

A few considerations when selecting your limits:

MEDICAL BILLS ADD UP

While \$100,000 might sound like a lot, it doesn't go very far if you've injured someone in an accident. Consider the costs of an ambulance ride, the hospital stay, necessary tests, and recovery expenses. The rising cost of medical care means those limits will run out more quickly.

PROTECT YOUR FUTURE

Even if you don't own a home or a nice car, you still need adequate protection. When your limits run out, you're still expected to pay what's owed. If there are no assets to take that from, it will come out of current and future income until the debt is paid. Some states are allowed to take 25% of a person's income if necessary.

COVERING THE GAP

If you are involved in a car accident where the other driver is held liable, but they don't have insurance or high enough limits to cover the injury expenses, you may have to pay for those expenses out of pocket. Adequate uninsured/underinsured limits can protect you and your family.

THE PRICE DIFFERENCE IS MINIMAL

Just because you're tripling your liability limits doesn't mean you're tripling your rate. In reality, it may only be a \$50 annual difference. Considering that means adequately protecting your family, your home, and your future income.

BROADER COVERAGE

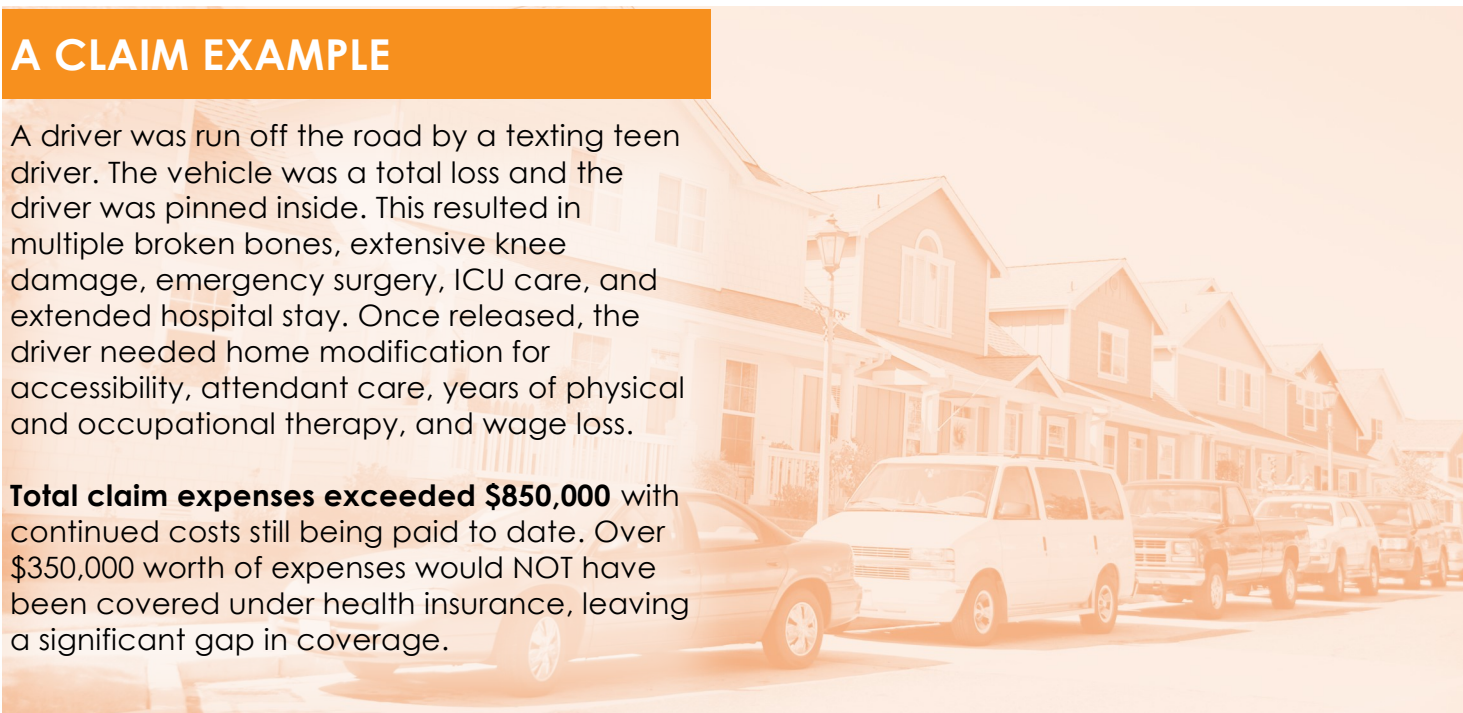
While your auto policy can provide liability coverage relating to an auto accident, it's often not enough. A personal umbrella can extend that coverage to a higher limit and offers broader protection, overlaying your auto, home, and boat policies. A personal umbrella policy can provide \$1 million to \$20 million in additional liability protection for you, your spouse, and children living with you.

Just because you're tripling your liability limits, doesn't mean you're tripling your rate.

A CLAIM EXAMPLE

A driver was run off the road by a texting teen driver. The vehicle was a total loss and the driver was pinned inside. This resulted in multiple broken bones, extensive knee damage, emergency surgery, ICU care, and extended hospital stay. Once released, the driver needed home modification for accessibility, attendant care, years of physical and occupational therapy, and wage loss.

Total claim expenses exceeded \$850,000 with continued costs still being paid to date. Over \$350,000 worth of expenses would NOT have been covered under health insurance, leaving a significant gap in coverage.





WHAT TO DO IF YOU CAN'T AFFORD FULL COVERAGE

Finding a good balance between quality and affordability when it comes to car insurance often feels like a challenge. But with some research and smart decision making you can protect your vehicle without breaking the bank. Start by discussing your budget and needs with your advisor. They can assist with making sure all possible discounts are applied or pursued. Many companies offer discounts to veterans, seniors, students, etc, and some have programs for teen drivers to complete in exchange for a lower premium.

Increasing your deductible is also a possibility if you still can't manage the full coverage payment amount - just make sure the rate isn't too high that it outweighs any potential savings in the event you have to file a claim.

SHOPPING AROUND FOR THE BEST COVERAGE FOR YOUR NEEDS, INSTEAD OF THE BEST RATES

Many people choose their auto insurance by picking the policy with the lowest premium instead of evaluating the coverage. While higher premiums may be daunting in the short term, if there is minimal coverage or inadequate protections in place, you could face expensive out of pocket costs. Shopping around for a policy that meets your needs doesn't have to be a stressful process-- speak with experts and ask questions to get more clarity on your options so that you can **make an informed decision** based on your needs.



HOW MUCH CAR INSURANCE TO BUY

There's no one-size-fits-all answer when it comes to the perfect coverage for everyone; everyone's situation is different. Therefore, it's important to weigh your options and speak with a trusted auto insurance provider to find a plan that meets both your needs and budget. Some things to consider when making your decision:

- **Your personal assets.** The more valuable your assets, the more protection you need.
- **Your budget.** If you can't pay your premium, you risk non-payment of premium, which can lead to cancellation and lapse of coverage.
- **How much risk you can handle.** If you feel you can pay a lot of-out-pocket in the event of a claim, you may be fine with higher deductibles and/or lower limits.
- **Your vehicle.** If you have a new or high value car, you'll probably want comprehensive coverage. However, if your vehicle is not worth much, the cost of comprehensive coverage may not be worth it.



No one wants to pay for insurance, but it's necessary - especially if you want to be fully protected in the event of an accident. When it comes to your car, you should always err on the side of caution and **get as much coverage as you can afford.** It's not worth skimping on your insurance only to find out that you're not fully covered when something goes wrong. Don't just settle for the first quote you receive - take the time to do some research so that you can get the best policy for your needs at a price that fits your budget.

