



LOUISIANA DEPARTMENT OF INSURANCE

Consumer's Guide to **Auto Insurance**

Tim Temple
Commissioner of Insurance



A Message from
Commissioner of Insurance
Tim Temple



The Louisiana Department of Insurance (LDI) is tasked with balancing the needs of insurance consumers with the insurance industry's need to operate competitively. The LDI works diligently to protect the interest of policyholders while promoting a flourishing insurance market that benefits all residents and businesses in the great state of Louisiana. It is our mission to make sure insurance is available, affordable and accountable in Louisiana, and every action I take as Commissioner is targeted at achieving those goals.

As part of that mission, the LDI creates publications to provide consumers, the insurance industry and other stakeholders with educational information about insurance-related matters in Louisiana.

I hope you find this publication informative, and I encourage you to contact us with questions or concerns at 1-800-259-5300 or ldi.la.gov.

Sincerely,

A handwritten signature in black ink that reads "Tim Temple". The signature is fluid and cursive, with the first and last names clearly legible.

Tim Temple

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What you Need to know

Finding auto insurance that meets your needs does not have to be difficult. Shop smart and protect yourself with the tips below.

DONT's:

- ✗ **DON'T BUY THE FIRST POLICY YOU FIND.**

DO's:

- ✓ **DO SHOP AROUND** for the policy that is right for you.
- ✓ **DO GET QUOTES** from several companies before you sign an application and pay a premium.
- ✓ **DO BE AWARE** of insurance scam artists and unauthorized insurance operations.
- ✓ **DO BUY ONLY FROM AUTHORIZED** insurance companies and producers. To check on a company, call the Louisiana Department of Insurance (LDI).
- ✓ **DO GET A DETAILED RECEIPT** for all payments that shows policy number, date of payment, period of coverage, and insurance company providing coverage.

HAVE QUESTIONS? We can help!

“Is this a legitimate company?”

- Admitted companies are those licensed by the State of Louisiana. You can search for a company's license status on the LDI website at www.lidi.la.gov.

“Will this company be around to pay my claims?”

- Insurance companies licensed by the commissioner of insurance are backed by the Louisiana Insurance Guaranty Association (LIGA), which will pay the claims of companies that go insolvent.

“Does the company treat policyholders fairly?”

- Use the complaint index on LDI's website to compare complaint history for companies and producers.

“What if I can't get covered?”

- Consumers unable to secure auto insurance coverage through the voluntary market can seek coverage through the Louisiana Automobile Insurance Plan (LAIP). Contact LAIP at laip@ajpso.com or (866) 989-9902.

CHECK OUT LDI's ONLINE COMPLAINT INDEX:

www.lidi.la.gov/onlineservices/complaintindex



Is auto insurance **Required by law?**

Liability insurance

Under Louisiana law, you must carry **liability coverage** on any automobile you own.

This coverage pays for property damages or personal injury for which you may be legally responsible, up to your policy's dollar limits.

In Louisiana, each vehicle is required to have 15/30/25 liability limits. Those limits provide payments of \$15,000 for bodily injury to one person, \$30,000 for bodily injury to more than one person in a single accident, and \$25,000 coverage for damage to someone else's vehicle or other property.

Louisiana liability limits: 15/30/25



Bodily injury
(one person)

\$15K



Bodily injury (more
than one person in
a single accident)

\$30K



Damage to
someone else's
vehicle or property

\$25K

Liability insurance covers bodily injury or property damage caused by you, your family members, and others driving your vehicle with your permission.

You and your family members are also covered when driving another person's automobile including rental private passenger vehicles.

Company cars and other non-owned cars regularly available to you may not be covered by your personal automobile policy unless you purchase endorsements for such vehicles. You should clarify coverage or lack thereof with your insurer and/or agent.



Liability insurance

covers bodily
injury or
property
damage
caused
by you,
your family
members, and
others driving
your vehicle
with your
permission.



Different types of Coverage

Comprehensive coverage

Comprehensive coverage pays for specified damages to your automobile, such as those resulting from falling objects, flood, fire, explosion, vandalism, theft or additional named causes other than collision, subject to any exclusions or limitations specified by your policy.

Collision coverage

Collision coverage pays for damage to your car that results from an accident. You can file a claim under your own collision coverage, whether or not you were at fault. Collision coverage is always sold with a deductible.

Uninsured/underinsured motorist coverage

Uninsured/underinsured motorist coverage pays benefits to you if your car is hit by a driver who has no insurance or too little insurance to pay for the full amount of your injuries or

property damage. If you have uninsured/underinsured motorist coverage, any bodily injury you or an occupant of your vehicle suffers due to an accident caused by another driver is covered under this policy. Hit-and-run drivers may be classified as uninsured motorists, but it helps if there is a disinterested witness to the accident.

Uninsured/underinsured motorist economic-only coverage

Uninsured/underinsured motorist economic-only coverage is the same as uninsured motorist coverage except that it covers ONLY the actual costs of injuries to you and the occupants of your vehicle. Pain and suffering are not included under this coverage.

Uninsured/underinsured motorist property damage coverage

Uninsured/underinsured motorist property damage coverage provides for repairs to your vehicle if you are in an accident with an uninsured driver. A \$250 deductible applies under this coverage, and with liability coverage, your recovery is limited to \$25,000 or the actual cash value of the vehicle, whichever is less. You can purchase a higher recovery limit if you choose.



Medical payments coverage

Medical payments coverage pays for medical expenses for a designated period of time following the accident, up to your policy's dollar limits. It also includes funeral expenses. Medical payments covers you, your family members and other passengers in your car. Payments are made regardless of who is to blame for the accident.

Towing and labor coverage

Towing and labor coverage pays for towing costs and labor costs when your car is disabled. Most automobile policies limit this coverage to \$25 per tow.

Coverage for trailers hitched to vehicles

If you haul a trailer of any kind, such as a camping trailer, or a utility trailer, be aware that most insurance policies extend only the liability portion of your vehicle coverage to the trailer. Any physical damage coverage purchased for your vehicle, like collision or comprehensive, does not automatically extend to the trailer.

This means you will have to pay to repair any damage to your trailer if the accident was your fault. You may be able to purchase physical damage protection for your trailer from your insurance company. Call your insurance company or agent for more information.

Did you know...

If you drive for a Transportation Network Company (TNC) like Uber or Lyft, you may want your own insurance coverage on top of what the TNC may offer. Most personal auto policies exclude coverage while you are carrying a passenger for hire.

TNC coverage can cover a variety of scenarios from the time while the TNC app is on, but no match has been made to coverage while a driver is en route or transporting paying passengers.

There are insurers who offer to endorse coverage onto your policy—usually for an additional premium—related to how much TNC driving you do. Talk to your agent before you sign on as a TNC driver.



Concerns about Coverage

What if I don't have proper coverage?

Louisiana law requires that all registered owners of an automobile carry liability insurance. You may be subject to considerable fines for knowingly operating a vehicle without insurance, being involved in an accident without insurance, and committing fraud by falsely claiming to have insurance. There are also penalties for lack of proof of insurance or for letting your insurance lapse.

Drivers without liability insurance may also have their driving privileges suspended by having their vehicle impounded, their registrations revoked or their license plates canceled.

If you are involved in an accident without liability insurance you may have your driver's license suspended and registrations revoked for 180 days. Also, if you are caught falsely claiming to have insurance, you may have your license revoked for 12 to 18 months.

The law known as **"No Pay, No Play"** prohibits uninsured motorists from collecting the first \$25,000 in property damages and the first \$15,000 in personal injuries regardless of who causes the accident.

This law also includes a provision that may allow you to waive your right to make a legal claim for pain and suffering if you buy economic-only uninsured motorist coverage.

Does my coverage fit my needs?

- Don't hesitate to ask questions about what your policy covers. You can start by asking your producer what "full coverage" means, and take it from there.
- If you belong to an automobile club, you may already have towing and labor coverage. Check to be sure.
- If you have health insurance, you may not need medical payments coverage for yourself. (See page 4.) However, you can customize it to fill any gaps in your health coverage. Additionally, some medical payments coverage may include passenger injuries.

Do I need comprehensive coverage?

If your car is older and paid for, you may consider whether or not to carry comprehensive and even collision coverage. As vehicles age and lose their value, many people drop their comprehensive and collision coverage. Look at the cost of your annual premium compared to your car's "Blue Book" value, minus your deductible.

Keep in mind that if you borrow money to buy your car, the bank or other lender may require you to carry comprehensive and collision insurance until the vehicle is paid for.

When in doubt about coverage, always reference your policy or ask your agent.



Factors affecting Premiums & discounts

What factors affect my premium?

It is illegal to use race or religion to set insurance rates. However, the amount you pay may be affected by your **CREDIT SCORE**, **GENDER** and **MARITAL STATUS**, as well as the following factors:

- **YOUR AGE.** Generally, single males under 30 and females under 25 have much higher insurance costs than other drivers.
- **WHERE YOU LIVE.** Urban areas have a higher incidence of accidents and auto thefts than rural areas, so urban rates tend to be higher.
- **TYPE OF CAR.** Luxury, sports and high-performance cars have the highest comprehensive and collision rates.
- **THE TYPE & AMOUNT OF COVERAGE.** How much you pay for coverage is affected by the liability limits, medical limits, uninsured motorist limits and optional coverage, as well as your deductible amounts. A deductible is your share of the cost of comprehensive or collision coverage. If you opt for a high deductible, your premiums will be lower. For example, buying collision coverage with a \$500 deductible will cost less than the same coverage with a \$250 deductible.
- **YOUR DRIVING RECORD.** If you have a good driving record, some companies offer a discount. Tickets and at-fault accidents can mean higher premiums.
- **HOW THE CAR IS PRIMARILY USED.** How much do you use your car? The more miles you drive means there are more chances for violations and/or accidents. Therefore, people who

drive their car to work, use it for work or commute long distances will pay more than those who only drive occasionally, which is often called "pleasure use." In fact, some companies offer a discount for vehicles driven less than a certain number of miles per year.

BASIC PARTS OF AN AUTO INSURANCE POLICY

DECLARATIONS Information Page

- Policy number
- Effective dates
- Vehicles covered
- Lien holder (if any)
- Coverages & limits
- Premium amounts
- Discounts & surcharges
- Agent/company contact

POLICY FORM Personal Auto Policy

This part may be several pages long. It details coverage in specific language, including definitions, conditions, exclusions and exceptions.

Keep insurance card in the car, and see if your insurer offers an electronic version to keep on your phone.

3 PROOF OF AUTO INSURANCE CARD

What kinds of discounts can I get?

- Many insurance companies offer discounts under a **“multi-car” plan** if you insure two or more cars with them.
- Similarly, you may get an auto insurance discount if you have **life or homeowners** insurance with the same company.
- Nowadays, some insurance companies offer discount programs using telematics. Also known as **usage- and behavior-based** or “pay how you drive” insurance, this method allows companies to track your driving habits such as speed, distance, braking and phone use (among other factors) to calculate your premium.
- Most Louisiana insurance companies give discounts to **full-time students** with a B average or higher, but there are others, such as discounts for **senior citizens**. Check with your agent to see if you qualify for any.
- Some companies may reduce your liability and collision premiums if you take a **defensive driving course**. Teenagers who have taken driver education may get a similar discount.
- You may be entitled to a discount if you have **extra safety features** on your vehicle, such as anti-lock brakes, anti-theft devices and air bags.

Renewals & Cancellation

Policy expiration dates

The exact time a policy expires may vary from company to company. Policyholders should check their declarations page or policy language to determine at what time their policy expires on the expiration date.

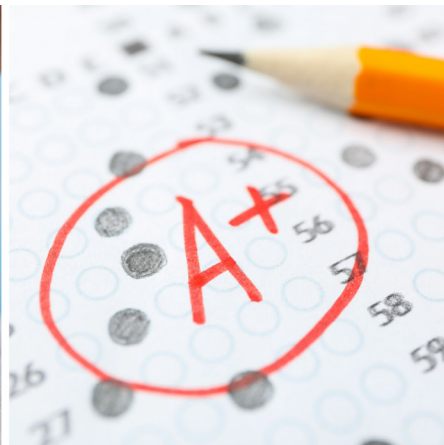
This may be important if you plan to change insurance providers, so don't wait until the last day to shop around. Depending on what time your policy expires, a delay could result in interrupted or lapsed coverage.

Mid-term cancellation of your policy

Louisiana does not have any provisions that restrict mid-term cancellations.

Cancellation provisions and the return of unearned premium will vary based on the type of insurance and whether the cancellation was initiated by the company or the policy holder.

If you have questions, check your policy document or ask your agent for clarification.



Frequently asked **Questions**

Will my teenager be covered when he goes to college out of state?

If your teenager is not taking up permanent residence in that state, most companies will not require you to make any changes to your policy. But you should ask your agent to be sure.

Will my friend be covered if she has an accident driving my car?

As long as your friend has the owner's permission to drive the car and is a licensed driver, she is covered under the owner's policy. The exception would be a person who had been excluded from coverage under that policy.

I drove through high water. Is damage due to flooding covered?

Coverage would depend on the type of policy you have on the vehicle. If you have a comprehensive policy on your vehicle, you will more than likely be covered for damage due to flooding.

However, if you have only liability coverage or liability/collision coverage, it is highly probable that you will not be covered for any flood damage to your vehicle. You should check with your agent to find out what your policy covers and in what amounts.

Who is considered at fault for accidents in a parking lot?

In a parking lot, as in any place else you operate your vehicle, all of the usual rules regarding insurance apply. For instance, if a driver is backing out of a parking space and hits another car that has the right of way, the driver backing out is at fault.

But there are situations in parking lots where fault is not as clear cut. For example, if you and another driver are both backing out of a space or both cutting across empty spaces when you collide, both drivers may be considered at fault.

Generally speaking, you must be considered a least 50% at fault for your liability to pay. Therefore, in many parking lot incidents, neither driver's policy will pay for damage to the other vehicle because the drivers share the liability.



What to expect...

Accidents & claims

What to do if you are involved in an accident

1. **CALL** the police immediately, specifically 911 if there are injuries.
2. **SNAP** a photo of the scene and take notes, if safely possible.
3. **EXCHANGE** the following information with the other driver: name, address, telephone number, license plate number, driver's license number and insurance information.
4. **NOTIFY** your insurance agent or company. These days, there are apps to quickly and easily guide you through the process of reporting and filing a claim. See if your insurance company has one!
5. **OBTAIN** a copy of the police report for your records, no matter who is at fault.

Filing a claim

When you contact your insurance company or agent to report the accident, they will open a claim file and give you further instructions on what to do.

Depending on the type and amount of coverages you have, your insurer may be able to immediately begin paying benefits, such as medical treatment, rental vehicle or vehicle repairs.

If you believe that the other driver was at fault, you may also contact the other driver's insurance company and file a claim with them as well. Make sure to provide your insurer with the other insurance company's information including the claim number (if one is assigned).

The other driver's insurance company and your insurance company will investigate the claim to determine liability. If the other driver is determined to be at fault, any payments made by your insurance company under your insurance policy, or any deductibles paid by you to your insurance company, may be recouped by your insurer from the at-fault driver's insurance company.

Print a copy of this **AUTO ACCIDENT CHECKLIST** and keep it in your vehicle to record information in case of an accident:

https://www.insureuonline.org/auto_accident_checklist.pdf



If your car is **stolen** or involved in a **hit-and-run**, call the police at once.

Quote information

WORKSHEET #1

Use this worksheet as a place to record information you will need for a producer or company to give you an accurate premium quote.

1. VEHICLES TO BE INSURED:

	Make/model	Year	Vehicle ID number	Miles to work
Auto #1	_____	_____	_____	_____
Auto #2	_____	_____	_____	_____
Auto #3	_____	_____	_____	_____

2. PRINCIPAL OWNER AND OPERATOR OF VEHICLES:

3. DRIVERS TO BE INSURED ON THE POLICY:

Name	License #	Age	Gender	Marital status
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

4. ACCIDENTS OR MOVING VIOLATIONS OF EACH DRIVER OVER THE PAST THREE YEARS:

5. CHECK DISCOUNTS YOU MAY BE ELIGIBLE FOR:

- Defensive driving Driver education Anti-theft devices High GPA (students)

Comparison chart

WORKSHEET #2

Use this chart to record coverages you want and the prices quoted by each company you contact.

	ANNUAL PREMIUMS		
	COMPANY 1	COMPANY 2	COMPANY 3
LIABILITY			
Bodily injury			
\$_____ / person	}	\$_____	\$_____
\$_____ / accident			
Property damage			
\$_____ / person			
COLLISION			
\$_____ Deductible	\$_____	\$_____	\$_____
COMPREHENSIVE			
\$_____ Deductible	\$_____	\$_____	\$_____
UNINSURED/UNDERINSURED MOTORIST			
Bodily injury			
\$_____ / person	}	\$_____	\$_____
\$_____ / accident			
Property damage			
\$_____ / person	\$_____	\$_____	\$_____
OTHER COVERAGES			
_____	\$_____	\$_____	\$_____
_____	\$_____	\$_____	\$_____
_____	\$_____	\$_____	\$_____
TOTAL ALL COVERAGES	\$_____	\$_____	\$_____



LOUISIANA DEPARTMENT OF INSURANCE

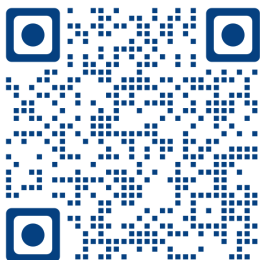
Contact us



800-259-5300



www.lidi.la.gov



LDIConnectApp

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Post Office Box 94214
Baton Rouge, Louisiana 70804

Phone: 800.259.5300

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Email: public@ldi.la.gov

Frequently Used Numbers

Consumer Services:

225.219.0619

Diversity & Opportunity

225.219.4775

Senior Health (LaSHIP):

225.342.5301

Agents Licensing:

225.342.0860

Company Licensing:

225.342.1251

Insurance Rating:

225.342.5203

Property & Casualty:

225.342.5203

Life & Annuity:

225.342.1226

Health:

225.219.4770

Reporting Insurance Fraud

If you suspect that an agent or company is engaging in fraudulent activity, contact the Office of Insurance Fraud at 225.342.4956.

