

FAQ

- Does everyone have to have auto insurance?
- My teenager just got his license, but I do not allow him to drive my car. Does he need to be insured?
- What is the difference between comprehensive and collision?
- Is anyone who drives my car covered?
- What are the minimum policy requirements?
- What coverage do I absolutely need on my motorcycle insurance policy?
- Am I required to have home insurance?
- How much home insurance do I need?
- Will my condo insurance policy also cover my roommate?
- My husband took out a life insurance policy 18 months ago. When I filed the claim, the company denied it, because he stated on the application that he was a non-smoker when, in fact, he did smoke. The company is refunding all premiums paid. Can they do this?

Does everyone have to have auto insurance?

Yes, automobile liability insurance, or proof of financial responsibility is required in all fifty states. Although each state sets their own limits on how much insurance is needed, these are only minimum limits and in most cases additional coverage is needed if you don't want to have to pay additional expenses out of pocket. If you have a lease or loan on your car you are usually required by the lender to have comprehensive and collision coverage in addition to the state required liability coverage.

My teenager just got his license, but I do not allow him to drive my car. Does he need to be insured?

In most cases, yes. Automobile insurance policies require every licensed person in your household to be listed on your insurance policy unless they have a completely separate policy of their own. This includes a teenager who just received their license or a college student who still uses your address as their residence and/or visits regularly on weekends, vacations, etc.

What is the difference between comprehensive and collision?

Collision coverage is when you have a collision with something like another car. Comprehensive coverage is when it is anything else other than a collision such as fire or theft. Most people would have both coverages when using the car on a regular basis. Sometimes when one is just storing a car they may only keep comprehensive coverage since they are not using it on the road therefore, it is unlikely to be in a collision.

Is anyone who drives my car covered?

In most cases, yes, as long as they have the permission or reasonable belief from the insured that they can use the vehicle. The insured is the person named on the insurance policy and their spouse if applicable.

There are some exclusions, so you would need to look at your particular insurance policy to make sure. Remember, everyone in your household must be listed on your insurance policy if they have a license. For example, if a girlfriend you live with uses your car, she may not be covered if you did not list her on your insurance policy. On the other hand, if you live separately, she could use your car with your permission and be covered.

What are the minimum policy requirements?

Liability is required in every state unless you can prove financial responsibility otherwise. Requirements for financial responsibility and minimum liability requirements can be found on your

state insurance commissioner's page here. Limits vary widely from state to state and, if you carry the minimum limits, when you drive into another state you will automatically assume that state's minimum liability requirements.

What coverage do I absolutely need on my motorcycle insurance policy?

This varies by state, but a standard motorcycle insurance policy requires at least bodily injury and property damage liability coverage.

Bodily injury and property damage liability cover you in the event of an at-fault accident. Comprehensive and collision coverage will help you repair or replace a damaged or stolen bike.

Other states may require additional coverage, such as uninsured/underinsured motorist coverage.

Am I required to have home insurance?

Though it varies from state to state, there's usually no law requiring home insurance (unlike car insurance).

If you borrow money to buy a house, however, the mortgage or deed of trust will require that you have enough insurance to cover the cost of repairing or rebuilding your home if it's damaged. In this case, your mortgage company will typically be named as "loss payee" on your policy. If your house is damaged, the insurance payment will go to the loan company (or to both you and the loan company) to ensure that the money is used to rebuild or repair the house. If you choose not to rebuild, the insurance payment will be applied directly to your loan.

How much home insurance do I need?

You need enough insurance coverage to rebuild your house and replace its contents in the event of a total loss. You also want to protect yourself and your finances in case someone is injured on your property.

More specifically, the amount of home owners insurance you buy should be based on what it would cost to replace your home, and should include any additional items that you want to cover.

Will my condo insurance policy also cover my roommate?

Unless your roommate is a member of your family or listed as a co-applicant on your insurance policy, your roommate will not be covered by your policy. If you want to include your roommate on your policy, you'll be able to do that when you get your condo insurance quote.

My husband took out a life insurance policy 18 months ago. When I filed the claim, the company denied it, because he stated on the application that he was a non-smoker when, in fact, he did smoke. The company is refunding all premiums paid. Can they do this?

Possibly. Companies may contest statements made in the application up to two years from the effective date of the policy. If there was an omission, inaccurate, or incomplete information on the application that was material to underwriting the risk, the company may rescind the contract, and refund the premiums. Generally, if a company offers a smoker policy, then the death benefit should be adjusted to reflect the amount of insurance that the premium paid would have bought at the smoker rate.
