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*“Kentucky’s Ultimate Guide to Selecting  
the Right Car Insurance and Protecting Your Family!”*

# BUYING CAR INSURANCE

What the Insurance Companies Aren’t Letting You  
Know and What is the Most Important Car Insurance in  
THE COMMONWEALTH OF KENTUCKY.

## PART ONE

### HOW TO READ YOUR POLICY?

It seems that no one wants to give useful and helpful information anymore when it comes to Buying Car Insurance. Even the online sites just want you to compare quotes, try and get you enough insurance to be Legal and move you on your way. Well you have come at the right time, to the right place and to the right person who will tell you what you need to know to make this important decision.

There is good news and there is bad news when it comes to Buying Car Insurance. The bad news is that the statistics show that almost all of us will be in at least one Car Wreck in our lifetime. Most of us will be in more than one. Whether we are Injured or even Seriously Injured is usually luck of the draw. The good news is after reading this report you will know how to protect YOURSELF, YOUR ASSETS AND YOUR FAMILY!

In order to drive a Car in most states (including the Commonwealth of Kentucky) you must have Car Insurance. Car Insurance protects you from Financial Loss if you are involved in a Car Wreck. In most states (including the Commonwealth of Kentucky) you MUST be covered by Liability Insurance and Basic No-Fault (PIP) Insurance.

## **An Explanation of Terms and Types of Insurance Coverage**

*The front page, or Declaration Page, of your policy shows what type of coverage you have purchased and what premiums you are being charged for each item. This page also lists basics such as the list of drivers covered by your policy, terms and conditions of your policy, the date your policy is valid and the cars that are covered under your policy. Often, policy owners are more concerned about the cost of their policy than with the coverage they are buying. Although it's not easy to read, you need to understand the terms of your policy. What follows is an explanation of the terms you will find in your policy. We will start with the types of coverage required of motorists in the Commonwealth of Kentucky*

## **REQUIRED INSURANCE**

### **Liability Insurance**

This protects you against a claim by someone else for property damage, serious personal injury or death. Liability is stated in tens or hundreds of thousands of dollars, indicating the maximum amount for which you are covered in a single event. For example, 50/100/25 means that the insurer will pay a maximum of \$50,000 in personal injury claims per person, \$100,000 maximum in total personal injury claims per accident and \$25,000 for property damage per accident.

Kentucky requires that every motorist carry at least 25/50/10 in liability coverage. As an alternative, drivers can opt for a single limit plan of \$60,000. ([Kentucky Department of Motor Vehicles](#))

Liability insurance will protect your personal assets in the event of a claim against you. The average cost of a claim for a disabling injury is \$35,000: the average cost of an auto accident resulting in one death is over a million dollars. If you only carry the minimum liability coverage, it is possible you could be leaving your assets-- your house and savings--at risk if you are the defendant in a personal injury lawsuit. Liability insurance is one of the most cost effective means to protect your financial security in the event of a lawsuit.

Liability Insurance is available in several different increments. There is \$25,000/\$50,000; \$50,000/\$100,000; \$100,000/\$300,000; \$250,000/\$500.00; \$300,000/\$500,000; \$500,000/500,000; and \$500,000/\$1,000,000. Some Insurance Companies have \$500,000.00 Maximum Coverage on Liability Insurance and some Insurance Companies have \$1,000,000 Maximum Coverage. The more LIABILITY COVERAGE that you have the better YOU CAN PROTECT YOURSELF, YOUR FAMILY AND YOUR ASSETS. A review of your particular family and your particular assets will aid in selecting the right Car Insurance Coverage for you.

## **Personal Injury Protection (PIP)**

The Commonwealth of Kentucky is one of 12 states nationwide that has no fault insurance laws in place. PIP is sometimes referred to as No Fault Insurance. Under these PIP (No Fault) laws, you must collect under your own insurance policy first. In Kentucky, you must carry at least \$10,000 in PIP insurance. A driver collects first under his own coverage in the event of an accident, no matter who is at fault. If the personal injury exceeds your PIP coverage, you can file a claim against the other driver's insurer (within the limitations of Kentucky law). PIP will also cover lost wages. If you are injured in an auto accident where the other driver is uninsured or underinsured, you will have to rely on your own policy, under PIP, to cover your expenses. For this reason, you need to review your medical coverage when considering the level of PIP insurance you carry. The Maximum Limit on PIP is usually \$50,000.00.

## **UM/UIM--THE MOST IMPORTANT INSURANCE YOU CAN BUY**

*Although it is not required by law, Uninsured/Underinsured Motorist Insurance is the most important insurance you can buy.*

### **Uninsured/Underinsured Motorist Insurance**

The Insurance Research Council ([IRC](#)) estimates 14% of drivers are uninsured: in Kentucky, 12% of drivers are uninsured. In addition, Kentucky's required liability insurance of \$25,000 per person is less than the average personal injury claim (\$35,000). It is advisable to keep these two facts in mind when buying Uninsured Motorist (UM) and Underinsured Motorist Insurance (UIM). These types of coverage will protect you in the event that you suffer a serious personal injury in an accident with an uninsured motorist, or one who is driving legally, but with insufficient coverage to cover serious personal injuries. UM insurance also protects you in the event of a "hit and run" accident. In these events, your own insurer pays for the cost of your injury within the limits of your policy.

As a guideline, *Consumer Reports* suggests buying at least \$100,000 per person and \$300,000 per accident.

For examples of how your UI/UIM coverage can make a difference, see **A Tale of Two Clients** in Chapter Two of *"Kentucky's Ultimate Guide to Selecting the Right Car Insurance"*.