

I'm Not Flipping Burgers

Chapter 4 Auto Insurance Definitions

Collision Insurance - Collision coverage pays for damage to the car no matter who is at fault even if another person is not involved in the accident.

Comprehensive Insurance - Helps protect a car against damages that are not related to a collision.

Gap insurance - Is protection for when a car is stolen or totaled. Gap insurance will pay the difference between what is owed on the car and what it is actually worth.

Liability coverage - Protects the driver or others who drive the insured car in the event someone is injured or killed or in the event of property damage.

Lienholder - Someone who has either leased a vehicle to a consumer with an insurable interest, or given you money on loan to buy it.

Medical payments - They not only apply to the policyholder but also for family members and guests if they are injured in the car.

Multi-car discount - Insurers will give a price break when two or more cars covered by the same policy as well as having homeowner's insurance possibly renter's insurance.

No fault insurance - The purpose is to attempt to remove fault from the liability.

Umbrella policy - Covers above and beyond what auto or homeowner's insurance liability insurance covers. Umbrella coverage kicks in the liability limits have been exhausted in other policies.

Uninsured motorists - This type of coverage can apply when the policyholder is in the car, while walking, (possibly bicycling) and if there is a hit-and-run accident. As far as guests being involved, they may qualify if they are hurt while riding in the policyholder's car. This kind of coverage usually applies when bodily injury is involved.