

# **Chapter 17 Insurance:**

## **Liability**

Protects you against any claims when you are held responsible for a mishap or collision.

Pays the other parties only -nothing to you or your passengers.

Required in California

State Minimum 15/30/5

**State Minimums** -The California Compulsory Financial Responsibility Law requires:

Every driver and owner to maintain liability coverage. There are four forms of coverage that California allows:

1. Motor vehicle insurance policy issued by a licensed insurance firm
2. Deposit of \$35,000 with the Department of Motor Vehicles.
3. Department of Motor Vehicles issued self-insurance certificate.
4. A surety bond in the amount of \$35,000 issued by a California recognized and licensed bonding agency.

**What does 15/30 Mean** -15/30 represents the personal liability caps that your insurance policy covers. It pays for medical cost, lost wages, legal fees and court cost to the other party or parties. It does not pay anything to you or your passengers

Fifteen (15) means there is \$15,000 coverage in the event you are involved in an accident or mishap that has a single person injured or killed.

Thirty (30) means there is \$30,000 coverage in the event you are involved in an accident or mishap and there are multiple injuries or deaths. This is a cumulative total and in the event the damages run over the \$30,000, you could be held liable for all the remaining claims.

**What does 5 Mean** - This will pay the other party or parties for property damage only. Anything over this amount, you could be held liable for.

### **Collision**

This is an additional policy and is not required by the State. It pays for repair or replacement of your vehicle regardless who is at fault. Generally, a person will have a deductible that must be paid prior to the insurance company paying. Even though this policy may not be required by the State, it could be required by a lending agency when you finance the vehicle through them.

### **Comprehensive**

This is also an additional policy that is not required by the State. This policy protects you from losses due to vandalism, theft, fire, floods or windstorms. Some insurance company policies also cover glass breakage under their comprehensive umbrella, while other companies have it as a separate coverage policy. There is also generally a deductible for this policy too. You have to pay the deductible prior to the insurance company paying for any claim.

### **Medical**

This is an additional policy that pays for medical care or funeral costs for you and your passengers. Most of these policies start with a \$5,000 cap minimum coverage per person. You can set what you want this policy cap to be at.

### **No Fault**

This is a policy that your insurance company pays you and your passengers for adjusted claims regardless who is responsible. Some advantages of this type of coverage are that there are faster claims and lower rates. This policy does not pay anything to the other parties.

UNFORTUNATELY, THIS TYPE OF COVERAGE IS NOT AVAILABLE IN CALIFORNIA.

## **Towing**

This is an additional policy that pays for on-road repairs or the cost to have your vehicle towed to a shop when your vehicle breaks down. Most companies only pay for certain amount of miles. Anything over their mileage, you may have to cover.

**Cost Factor For Setting Premiums** All insurance companies use factors in determining the cost we pay for insurance coverage. Some of these factors are:

**Age**- Younger drivers will pay higher premiums with breaks at different ages. Then as we get into our golden years, the premiums start going back up.

**Driving Record** -How long we have been driving, what tickets or accidents we have impact our experience and rates.

**Vehicle Usage** -How we use the vehicle affects the rates. If you only drive the vehicle occasionally, you will have lower rates. If you use the vehicle to drive to work or school, it affects more. And if we use our vehicle in the course of our employment, you need to have a special policy that covers for that.

**Marital Status** -Married people will pay lower rates than single people. The reason for this, studies have shown that married people seem more responsible and level headed than single people.

**Gender** - This is one area where discrimination is allowed. On the average, companies charge lower rates for females, approximately \$400 for six months, than they do for males, approximately \$600 for six months coverage.

**Your Vehicle** - The type of vehicle you are driving will have a serious impact on your rates. Sports cars will cost more than practical cars whereas vehicles that are high on the auto theft rating list will be higher in some aspects than sports cars.

**Area of Residence** -Where you live impacts your rate. The size of the population and density are causes for higher rates. The bay area will have higher rates then here in the Stockton Modesto areas. And Escalon. Livingston will generally have lower rates..

**Discounts** - Some companies allow discounts in rates if your vehicle is equipped with air bags, ABS, or alarm systems. They will also give discounts if you have completed a driver education or driver safety course.



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## 11 WAYS TO SAVE MONEY ON YOUR CAR INSURANCE...

BY GRANT W. DAVIS

### 11 WAYS TO SAVE MONEY

**S**o you're shopping around for auto insurance. What do you need to know? Well, there are lots of ways *at least 11* that you can save money. Many of these money-saving ideas may apply to you.

1. **One Insurer, Multiple Policies** Do you have a homeowners or renters insurance policy? If so, is it with the same insurance company that provides your auto insurance? If the answer is no, *you're paying too much for both policies*. Almost every insurance company that sells auto insurance wants its policyholders to also buy homeowners or renters insurance from that company. These insurers offer so-called multi-policy discounts. Usually, these discounts are at least 10% and some insurers apply the discounts to both the auto and the homeowners renters policy.

\* **Tip.** Talk to your agent about multi-policy discounts.

2. **Good Driver, Good Price?** It's no secret that the better you're driving record, the less you will pay for auto insurance. But did you know that most people qualify as good drivers and are eligible for discounted premiums? Some good drivers pay a lot more than others, however. Many auto insurers are actually a collection of several insurance companies in which each caters to a certain type of driver. The worst drivers go in one company, the best in another, and a lot of people wind up in one of the middle companies.

These middle people pay less than the worst drivers, but more than the best. The thing is, many of these middle people have driving records that are just as good as those who are

insured by the companies that offer the lowest rates. Yet these middle people are paying more. Why? The usual reason is that they don't know any better. No one told them which insurance company in the group had the best prices. And, probably, no one told them there was even a group of insurance companies. If you have a spotless driving record, there's no reason you shouldn't be paying the lowest price a group of insurance companies has to offer.

\* **Tip.** Make sure you're getting the best discount for your driving record. Talk to your agent. And remember, be a safe driver. It will save you money.

3. **The Beauty of the Bus (or Other Mass Transit)** Do you drive to and from work? If you do, you are literally paying a premium to do so. Insurance companies charge you significantly higher premiums if you drive to work. And, the longer your commute (in miles, not minutes), the higher the premium.

\* **Tip.** Some drivers should consider mass transit. Yes, there's a price there, too. But you will reap the savings of gas and lower insurance costs.

4. **Low Mileage, Low Price** On average, people drive 1,000 to 1,250 miles a month. That is what insurance companies consider average use.

\* **Tip.** If you drive less than the average, you could be eligible for low-mileage discounts, which some insurers offer.

5. **High-Profile, High-Cost** The type of car you drive is a major factor in what you pay for insurance. Is your vehicle a magnet for thieves? Is it more expensive to repair than most cars? If the answer to either of the last two questions is yes, you're paying more than the average car owner for insurance.

\* **Note.** To get detailed information on your vehicle(s) or a vehicle you're thinking of buying write to the Insurance Institute for Highway Safety at 1005 North Glebe Rd., Arlington, VA 22201 and ask for the Highway Loss Data Chart.

6. **Raise Your Deductible** The deductible is the amount you pay before insurance kicks in if you have a claim. For example, if you have a \$250 deductible and you have an accident in which your car sustains \$1,000 in damage, you pay the first \$250 and your insurer pays the balance, \$750. The lower the deductible you choose, the more you pay. If you have assets, you can probably afford to absorb at least \$250 and probably \$500 if you have a claim.

\* **Tip.** If it's been years since you've had an accident, you may be better off raising your deductible and paying less each year for insurance.

7. **Drop Unnecessary Coverage** Lets say you have an older car, one not worth very much. There's really little point in having collision and comprehensive coverage's. You don't have much to protect. Remember, too, that you have to subtract your deductible from any potential payout you might get.

\* **Tip.** As a general rule, any car worth less than \$1,000 shouldn't have collision and comprehensive coverage. Between the deductible and the extra expense of these coverage's, the cost is probably greater than the benefit. How much is your car worth? An auto dealer can tell you, or there are plenty of books that have values of vehicles going back many, many years.

8. **Discounts, Discounts, Discounts** Auto insurance companies offer several discounts for a variety of reasons. The car has automatic seat belts, air bags, anti-lock brakes, anti-theft devices, etc. The driver is a good student, which is especially valuable if you have teenage children who will be on your policy.

\* **Tip.** Make sure you are taking advantage of all the discounts available to you!

9. **Taking the Defensive** Many insurance companies also offer discounts to those who have taken defensive driving courses recently.

10. **Low-Cost and High-Cost Areas** Are you planning to move? If you are, you should take into account the cost of insurance. Generally, the more urban the area, the higher the premium. The costs can vary even within a community.

\* **Fact.** Rates can really vary from state to state. If you're living in New Jersey, Massachusetts or Hawaii, you're paying several times more, on average, than you would in North Dakota, South Dakota or Idaho.

11. **Credit Where Is (Or Is Not) Due** is your credit record better than your driving record? If you have a good credit record, you could be eligible for discounted premiums from several auto insurance companies.

\* **Fact.** Many insurers now use your credit history as a major factor in determining what to charge you for auto insurance. In some cases, with some companies, you could save money by shifting your business to an insurer that uses credit as a rating factor even if you have a so-so or poor driving record. There is another side to this coin. If you have a poor credit history, you could save money by moving your auto insurance to a company that does not use credit as a rating factor. Many insurers do not use credit as a factor.

\* **Tip.** Regardless of your credit status, you should talk to your agent to make sure you have the best situation given your credit record, good or bad. Whatever your driving record or coverage needs, you should shop around, or let an experienced insurance professional shop around, for the best deal for you. There are literally thousands and thousands of coverage options from hundreds and hundreds of insurance companies. In addition, not only should you try to get the best deal you can, you also need to make sure you have all the coverage you want need. Using an Independent Insurance Agent is usually your best bet to get the most value for your auto insurance dollar.

Of course the fastest and easiest way to save on your car insurance is to let a large broker like GDI shop the top insurance companies for the right coverage at the absolute lowest price. One call does it all!

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**Your Current Coverage**

**GDI Insurance Coverage**

**Homeowners**

**Replacement Cost** - Dwelling

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**Other Structures** - Fences, garages, sheds, etc.

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**Personal Property**

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**Additional Living Expense**

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**Personal Liability**

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**Deductible** - Per claim

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**Secondary Home / Dwelling Fire**

**Replacement Cost** - Dwelling

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**Other Structures** - Fences, garages, sheds, etc.

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**Personal Property**

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**Loss of Use**

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**Personal Liability**

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**Deductible** - Per Claim

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**Automobile**

**Auto Liability** - Per person

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- Per accident

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- Property damage

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**Uninsured Motorist** - Per person / Accident

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- Property damage

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**Deductibles** - Comprehensive

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- Collision

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**Towing Reimbursement**

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**Rental Reimbursement** - Per Day/Per Occurrence

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**Personal Umbrella**

**Umbrella Liability**

**Deductible - Retained limit**

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**Life Insurance**

Face Value - Policy 1

Face Value - Policy 2

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**Your Current Premiums**

**GDI Insurance Premiums**

**Estimated Premiums**

**Homeowners - Annual**

**Secondary Home / Dwelling Fire - Annual**

**Automobile - Annual / semi-annual**

**Personal Umbrella**

**Life Policy 1**

**Life Policy 2**

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_____	_____
_____	_____
_____	_____
_____	_____

**Total Estimated Premiums**

**Annual**

**\$0.00**

**\$0.00**

**Monthly**

**\$0.00**

**\$0.00**

_____	_____
_____	_____

**Annual Savings**

**\$0.00**

This is an outline of coverages and our recommendation for an alternative plan. This is only an initial quote. Final premiums and coverages are subject to insurance company rates and rules. No coverage is in force until an application for coverage has been completed and the initial premiums have been paid. You may not be eligible for the coverages outlined. Always read your policy thoroughly. If you have any questions about your coverage, please call your GDI Insurance agent for clarification.