



INSURANCE AGENTS & BROKERS



# FAQ | Minimum coverage means minimum protection

In the event **you** cause an accident, **your** auto insurance liability limits cover injuries to the other driver, the other driver's passengers, and your passengers. Most states, including Pennsylvania, require that you purchase a minimum amount of car insurance. However, purchasing only state minimum limits may not be enough. Having adequate liability coverage can be the difference between being well protected and potential financial disaster.

**Q: What do you mean by minimum limits?**

**A:** Minimum limits refers to the absolute minimum bodily injury and property damage coverage required by state law in order for you to legally own and operate your motor vehicle.

**Q: Pennsylvania requires minimum insurance coverage of 15/30/5. What does that mean?**

**A:** Minimum liability limits of 15/30/5 means the insurer will provide bodily injury liability coverage up to \$15,000 per person injured in any one accident, and \$30,000 for all persons injured in any one accident, and up to \$5,000 for property damage in any one accident.

**Q: If I have minimum limits, what happens if I have an accident and damages exceed my policy limits?**

**A:** Your insurance company will only pay up to the amount of your policy limits. So, if you've chosen Pennsylvania's minimum property damage limits of \$5,000 and cause an accident which results in \$25,000 in property damage, the insurance company will only pay \$5,000, and you will be responsible for payment of the remaining \$20,000.

**Q: Is purchasing minimum limits enough?**

**A:** That depends on your personal appetite for putting your assets at risk. In light of costs for car repairs, hospitalization and follow-up medical care (which could continue for years, especially in cases where someone suffers serious injury), and lost earnings for those whom you injure, purchasing minimum limits is often inadequate to cover the costs of all damages sustained in an accident.

**Q: Why would I want to buy more insurance that state law requires?**

**A:** Auto insurance is your safety net, and works best if it provides proper protection. Carrying state minimum protection may be more affordable in the short term. However, because you could be personally liable for damages which exceed your policy limits, you should seriously consider purchasing liability insurance with limits higher than is required by state law.

**Q: If I choose more than the minimum, are there generally recommended limits of coverage?**

**A:** As reported by The Insurance Information Institute, it's recommended you have at least \$100,000 bodily injury protection per person, and \$300,000 per accident (commonly known as 100/300). However, depending on your individual circumstances, even this amount could be considered insufficient.

**Q: Is there another coverage option in lieu of increasing my policy limits?**

**A:** Yes. You could also consider purchasing a personal umbrella policy ("PUP") for added protection. A PUP is designed to "kick-in" when the liability limits of your auto policy have been exhausted.

The bottom line – if you're legally responsible for damages which exceed your coverage limits, you'll be responsible for the difference. The time to discover you don't have adequate insurance/coverage is BEFORE you're involved in an accident, not AFTER.

**Q: Is increasing my limits right for me?**

**A:** Increasing coverage limits (and/or adding a PUP) may not be as costly as you think. Whether you have minimum limits or not, if you're interested in protecting your and your family's present well-being and financial future, and securing a little more peace of mind, as your independent insurance agent, I'm here to help answer any questions and help you review your available options.

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