

# **Consumers Guide to California Auto Insurance**

**Provided by:  
California Insurance Zone**

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**Everything a California Driver Should Know About  
California Auto Insurance**

## **California Auto Insurance**

A California auto insurance policy is comprised of seven different kinds of coverage. California law requires you to buy some, but not all, of these coverages. If you're financing a car, your lender may also have requirements.

Most California auto policies are for six months to a year. Your insurance company should notify you by mail when it's time to renew the policy and to pay your premium.

### **What are the minimum limits of Liability in California:**

If you choose to meet your financial responsibility by purchasing liability insurance, the [Department of Motor Vehicles \(DMV\)](#) outlines minimum limits that you must purchase under Section 16451 of the Vehicle Code. Bodily injury liability limits must meet the minimum of \$15,000 per person and \$30,000 total for all persons per accident. Property damage liability limits must meet the minimum of \$5,000 per accident.

## What is California auto insurance?

California auto insurance protects you against financial loss if you have an accident. It is a contract between you and the insurance company. You, as the insured, agree to pay the premium and the insurance company agrees to pay your losses as defined in your policy.

California auto insurance provides Three Basic Coverages and other additional (optional coverages):

1. Bodily Injury Liability
2. Property Damage Liability
3. Medical Coverage
4. Collision Coverage
5. Comprehensive Coverage (Also known as “Comp” coverage or “Other Than Collision” coverage.
6. Uninsured/Underinsured Motorist Coverage
7. Rental Reimbursement
8. Towing and Roadside Assistance.

## What do the Coverages Mean?

1. **Bodily Injury Liability-** Pays for damage to other people who suffer Bodily Injuries in the event of an auto accident where you, the insured, are found to be negligent (at fault). This is the first part of your California Auto Insurance Policy.
2. **Property Damage Liability-** Pays for damage to other people’s property (autos, structures, etc.) in the event of an auto accident where you, the insured, are found to be negligent (at fault). This is the second basic part of your California Auto Insurance Policy.
3. **Medical Coverage, Personal Injury Protection (PIP)-** Pays for medical expenses associated with injuries to you or your passengers REGARDLESS of fault. Some forms of this coverage also include reimbursement for lost wages. This coverage should not be regarded as a full substitute for medical insurance, as this coverage is limited to a specified amount.
4. **Collision Coverage-** Pays for repairs to **YOUR** vehicle. This coverage typically is used when you are found negligent (At Fault) in an accident and this is the coverage that pays for **YOUR** repairs when you hit, strike or collide with another object (auto, pole, building, etc).

This is an optional coverage and the insurance company charges a premium (dollar amount) for this coverage. Typically, this coverage is subject to a fixed deductible amount, paid out by the insured policy holder BEFORE the insurance company pays the remainder of the claim.

5. **Comprehensive Coverage (“Comp” coverage or “Other Than Collision” Coverage)**-Pays when your vehicle is stolen, vandalized, hit by hailstorm, stolen stereo system, flooded or otherwise damaged. This coverage does not pay in the event of an accident (collision), giving this coverage the name “Other Than Collision”. It pays for incidents to your vehicle for everything OTHER than Collision.

## 6. **Uninsured/Underinsured Motorist Coverage**

- a. **Bodily Injury**-Pays for bodily injuries sustained by you and other passengers in your automobile when involved in an automobile accident. This coverage becomes important in two scenarios: 1) The person or party responsible for bodily injuries to you and your passengers DOES NOT HAVE INSURANCE. Even though driving without insurance is illegal, many drivers still continue to drive uninsured. In the event an uninsured party hits you can causes injuries to you and your passengers, this coverage kicks and pays for YOUR INJURIES AND YOUR PASSENGER’S INJURIES, just as if the responsible party had been driving with insurance. In effect, your insurance company becomes the responsible party’s insurance company. Scenario 2) The person or party responsible for the accident HAS insurance, but the policy limits on their insurance policy are INSUFFICIENT to pay for your bodily injuries. This driver might cause you \$50,000 in bodily injury, but only have \$25,000 in liability coverage. At this point, the responsible driver has exhausted the coverage on his own policy, but you still need remedies for your bodily injuries that are over and above the limits the responsible driver had on their policy. This is called an UNDERINSURED claim, due to the fact that the responsible driver HAD insurance, but the limits of liability were insufficient to cover the injuries sustained.
- b. **Property Damage**-Pays for damages to YOUR automobile under two scenarios similar to bodily injury above: 1) The person or party responsible for property damage to your automobile DOES NOT HAVE INSURANCE. Even though driving without insurance is illegal, many drivers still continue to drive uninsured.

In the event an uninsured party hits you and causes property damage to your vehicle, this coverage kicks in and pays for YOUR PROPERTY DAMAGE, just as if the responsible party had been driving with insurance. In effect, your insurance company becomes the responsible party's insurance company. Scenario 2) The person or party responsible for the accident HAS insurance, but the policy limits on their insurance policy are INSUFFICIENT to pay for your property damage. This driver might cause you \$50,000 in property damage, but only have \$25,000 in liability coverage. At this point, the responsible driver has exhausted the coverage on his own policy, but you still need remedies for your property damage that are over and above the limits the responsible driver had on their policy. This is called an UNDERINSURED claim, due to the fact that the responsible driver HAD insurance, but the limits of liability were insufficient to cover the property damage sustained.

7. **Rental Reimbursement**-Pays for the cost of you to drive a rental vehicle while your car is being repaired **due to a covered accident**. A common misconception many drivers have about this coverage is that it "pays for a rental car while my car is in the shop". This is not true. It pays for rental car reimbursement while your car is being repaired due to a COVERED CLAIM. For example, you wreck your car, it's your fault and while it is being repaired, your insurance company reimburses you a daily amount for the replacement car while your car is being repaired due to the accident you had. This coverage does not pay for a rental car "while your transmission is being fixed" (unless the transmission failure is due to a covered claim). This reimbursement is on a per day basis and it is usually limited to 30 days.
8. **Towing and Roadside Assistance**-Pays on a reimbursement basis for towing due to accidents, mechanical breakdown, etc. The amount paid per incident is limited to the amount of coverage you purchased when you bought your California insurance policy. This coverage is not limited to towing only, but might include other services such as jump starts, changing flats and locking keys in your car. This coverage pays on a PER INCIDENT basis and is not limited to how many times a year or policy period it can be used.