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## Automobile Insurance Made Easy

(February 2015)

[\(En Español\)](#)

Texas law requires people who drive in Texas to pay for the accidents they cause. Most drivers do this by buying auto liability insurance. Liability insurance pays to repair or replace the other driver's car and pays other people's medical expenses when you are at fault in an accident.

If you buy insurance to meet the state's financial responsibility law, you must buy at least the minimum amount. The current minimum liability limits are \$30,000 for each injured person, up to a total of \$60,000 per accident, and \$25,000 for property damage per accident. This basic coverage is called 30/60/25 coverage.

Because of car prices and the high cost of medical care, the minimum amounts might not be enough to pay all of the other driver's costs if you're in an accident. Other drivers could sue you to collect the difference. Consider buying more than the basic limits to protect yourself financially.

Liability insurance doesn't pay to repair or replace your car or to treat your injuries. Consider buying other types of coverage - such as medical payments, collision, and comprehensive - to pay for these expenses.

### Proof of Financial Responsibility

When you buy an auto policy, your insurance company will send you a proof-of-insurance card. You must show your current card when you

- are asked for it by a police officer
- have an accident
- register your car or renew its registration
- get or renew your driver's license
- have your car inspected.

The penalties for violating the state's financial responsibility laws are

- **First offense:** fine of \$175 to \$350
- **Additional offenses:** fine of \$350 to \$1,000, suspension of your driver's license, and impoundment of your car
- **Offense without a driver's license:** \$2,000 maximum fine, 180 days in jail, or both
- **Offense if you cause an accident with serious injuries or death:** \$4,000 maximum fine, one year in jail, or both.

### Know Your Rights

Texas has a Consumer Bill of Rights for auto insurance. Your insurance company must send you a copy with your policy. Read it to understand your rights under Texas law.

## Auto Insurance Coverages

Depending on the types of coverage you have, auto insurance pays for car repair or replacement, medical expenses, rental cars, towing, court costs, and other expenses.

Read your policy carefully because coverages vary. Pay special attention to who is covered under your policy and to the exclusions, which lists the things your policy doesn't cover. The following are common limitations or exclusions you might find on your policy:

- **Named driver.** Some policies only cover household residents who are specifically named on the policy.
- **Excluded driver.** Excludes coverage for people specifically named in an endorsement that may be attached to your policy.
- **Business use.** Excludes coverage if you use your car for business, such as pizza or newspaper delivery.
- **Racing.** Excludes coverage if you use your car in a racing event.
- **Intentional acts.** Excludes coverage for losses that were intentional.

The front page of your policy - called the declarations or dec page - shows the exact name of your insurance company, your policy number, and the amount of each of your coverages and deductibles.

**Note:** The deductible is the amount you must pay before the insurance company will pay. For example, if you have a claim for \$1,000 and a deductible of \$300, the insurance company will automatically deduct \$300 from the amount it will pay you.

Many insurance companies use the Texas Personal Automobile Policy, a standardized policy form that offers eight types of coverages. Companies sell other policies that the Texas Department of Insurance has approved. Although your coverages and policy terms may be different from these, this summary can help you understand the basic eight coverages.

### 1. Liability Coverage (Basic liability coverage meets the state's financial responsibility requirement.)

**What it pays:** The following expenses, up to your policy's dollar limits, for the people in the other car involved in an accident that you or someone covered by your policy caused:

- medical and funeral costs, lost wages, and compensation for pain and suffering
- car repair or replacement costs
- car rental while the other driver's car is being repaired
- punitive damages awarded by a court.

Liability insurance also pays your attorney fees if someone sues you because of the accident. If you are arrested following an accident, liability insurance will pay up to \$250 for bail.

#### Who it covers:

- you and your family members. (Family members include anyone living in your home related to you by blood, marriage, or adoption. This includes your spouse, children, in-laws, adopted children, and foster children.)
- other people driving your car with your permission
- family members attending school away from home
- spouses living elsewhere during a marital separation might be covered.

You and your family members might be covered when driving someone else's car - including a rental car - but not a car that you don't own but have regular access to, such as a company car.

Some policies won't cover other people who are residents of your household, including family members, unless they're specifically named in the policy. Your policy's declarations page should list the names of all of the people the policy covers.

## 2. Collision (damage to your car) Coverage

If you still owe money on your car, your lender will require you to have collision and comprehensive coverages.

**What it pays:** The cost of repairing or replacing your car after an accident. You will only receive the amount of your car's actual cash value, minus your deductible. Actual cash value is the market value of a car like yours without damages.

**Who it covers:** You, your family members, passengers in your car, and others driving your car with your permission.

## 3. Comprehensive (other than collision) Coverage

If you still owe money on your car, your lender will require you to have collision and comprehensive coverage.

**What it pays:** The cost of replacing or repairing your car if it is stolen or damaged by fire, vandalism, hail, falling objects, or an event other than a collision. Comprehensive coverage also pays for a rental car or other temporary transportation if your car is stolen. Your policy won't pay for an auto theft unless you report it to police.

Payment is limited to your car's actual cash value, minus your deductible.

## 4. Medical Payments Coverage

**What it pays:** Your medical and funeral bills resulting from accidents, including an accident involving a pedestrian or bicyclist.

**Who it covers:** You, your family members, and passengers in your car, regardless of who caused the accident.

## 5. Personal Injury Protection (PIP) Coverage

**What it pays:** Same as medical payments coverage, plus 80 percent of lost income and the cost of hiring a caregiver for an injured person.

**Who it covers:** You, your family members, and passengers in your car, regardless of who caused the accident.

An insurance company must offer you \$2,500 in PIP, but you can buy more. If you don't want PIP, you must reject it in writing.

## 6. Uninsured/Underinsured Motorist (UM/UIM) Coverage

**What it pays:** Your expenses from an accident caused by an uninsured motorist, a motorist who did not have enough insurance, or a hit-and-run driver. Also pays for personal property that was damaged in your car.

There is an automatic \$250 deductible, which means you must pay the first \$250 of the expenses yourself before the company will begin to pay.

There are two types of UM/UIM coverage:

- **Bodily injury UM/UIM** pays for medical bills, lost wages, pain and suffering, disfigurement, and permanent or partial disability. There is not a deductible with this type.
- **Property damage UM/UIM** pays for auto repairs, a rental car, and damage to items in your car.

**Who it covers:** You, your family members, passengers in your car, and others driving your car with your permission.

Insurance companies must offer UM/UIM coverage. If you don't want it, you must reject it in writing.

## 7. Towing and Labor Coverage

**What it pays:** Towing charges when your car can't be driven. Also pays labor charges, such as changing a flat tire or jump-starting your battery.

## 8. Rental Reimbursement Coverage

**What it pays:** A set daily amount for a rental car if your car is stolen or is being repaired. Your company only pays for repairs that were caused by an event - such as fire or theft - that your policy covers.

## Other Coverages

You may buy other coverages for an additional premium to cover items in your car, new or additional cars, rental cars, or driving in Mexico.

### Stereo Equipment

Your policy won't pay for CDs, MP3 players, cell phones, citizen band radios, or stereo equipment not installed in your car.

### New or Additional Cars

If you buy another car, your policy might automatically cover it with certain limitations. Read your policy or ask your agent to find out if you have this coverage.

Insurance companies must give additional cars the same amount of coverage as your car with the most coverage. For example, if you have two cars - one with liability coverage only and one with liability, collision, and comprehensive coverages - and you buy a third car, the third car will automatically have liability, collision, and comprehensive coverage.

Insurance companies will give replacement cars the same coverage as the car it replaced. For example, if you trade in an older car that only had liability coverage, the new car will automatically have only liability coverage.

Be sure to tell your insurance company within 30 days that you have added or replaced a car and which coverages you want. You could lose coverage on an additional or replacement car if you wait longer to tell your insurance company.

### Rental Cars

Rental car agencies offer collision damage waivers and liability policies. The collision damage waiver isn't insurance. It is an agreement that the rental company won't, with certain exceptions, try to make you pay for any damage to a car you rent.

If you have auto insurance, your policy may already cover damage to a rental car, but the coverage might be less than the value of a rental car. Read your policy to know what's covered and the coverage limits. If your coverage limit is too low, consider increasing it. You will pay more in premium, but it might be cheaper than buying additional coverage through the rental agency, especially if you rent cars often. If you aren't sure if your policy covers damage to a rental car, ask your agent before you rent the car.

If you don't own a car, but borrow or rent cars often, you can buy a non-owner liability policy. A non-owner policy pays for damages and injuries you cause when driving a borrowed or rented car, but it doesn't pay for your injuries or damage to the car you are driving.

### Driving in Other States, Canada, and Mexico

Your insurance should cover you if you drive in other U.S. states and Canada. Your policy won't cover you in Mexico because Mexico doesn't recognize U.S. auto liability policies.

Mexican authorities may hold drivers criminally and financially responsible for any auto accidents they cause. If you're in an accident that results in an injury, police may keep you until they decide who is at fault. You will be asked to show you have insurance the Mexican government will accept or prove that

you can pay any judgment against you.

Some U.S. insurance companies provide a free endorsement for your policy that covers occasional trips of up to 10 days and up to 25 miles into Mexico. You can buy coverage for longer stays, but it usually only covers you within 25 miles of the border. These endorsements might not meet Mexican legal requirements.

Some companies sell a Mexico tourist endorsement to attach to your Texas policy. This endorsement extends your liability coverage to pay costs exceeding a Mexican liability policy's limits. It covers trips of any distance and any length of time. Ask your agent which endorsements your insurance company offers.

You may also buy Mexican liability insurance from authorized Texas agents. Check your phone book for listings of insurance agents who specialize in auto insurance for travel in Mexico. Your local agent also might be able to help you find coverage with a Texas-licensed Mexican company.

## **Auto Insurance for Young Drivers**

Parents can usually add their children to their auto policy to meet the state's financial responsibility requirements. Adding a young driver to your policy can be expensive, but it's cheaper than buying a separate policy.

Some policies require all covered drivers to be named on the policy. Be sure to call the company to tell them about new drivers as soon as they turn 16. If you don't have all of the drivers in your family listed on your policy and the company learns about them later - because of an accident claim, for instance - the company may bill you for the extra premium you should have paid, deny your claim and coverage, or refuse to renew your policy in the future.

Generally, if a teenager is the main driver of a particular car, the company will base the teen's rate on that car. Otherwise, the company will base the teenager's rate on the car in the family (usually the most expensive) with the highest rate.

## **Children Away at School or Not Living with You**

You may want to take your children off your policy when they move out. You'll probably have to prove to the insurance company that your child has moved. You can use documents like a driver's license, lease agreement, or utility receipts to show that your child has a different address.

It's probably not a good idea to remove children from your policy if they are living in another city and going to school. It's risky to drop coverage if your teenager might occasionally drive at school or when home on visits. Many insurance companies will require you to keep students on your policy, even if you would like to remove them.

If you have children living in another city and going to school, tell your insurance company. Companies base rates on where a car is usually located, and it might need to adjust your premium. If the school is in another state, check on the financial responsibility laws in that state to make sure you have the right coverages.

If your child is away at school without a car, you might be eligible for a premium discount. Ask your agent if the company offers the discount.

## **Saving Money on Insurance for Young Drivers**

Some insurance companies give a discount for teenagers who complete a Texas Department of Public Safety (DPS)-approved driver education course. Drivers taught by their parents may also get the discount if the parent used a DPS-approved course. Some companies offer discounts to young drivers who make good grades in school or who belong to certain youth groups. Ask your agent about discounts.

## **Shopping for Auto Insurance**

Rates vary among companies, so it pays to shop around. The following tips can help you find the best deal for your money:

- Decide before shopping what coverages you need.
- Consider choosing a higher deductible. Higher deductibles will lower your premium, but you'll have to pay more out of your own pocket if you have a claim.
- Get price quotes from several companies. Make sure the quotes are for the same coverages.
- When getting a price quote or applying for insurance, answer questions truthfully. Wrong information could result in an incorrect price quote or could lead to a denial or cancellation of coverage.
- Ask your agent if you qualify for any discounts the company offers.
- Consider factors other than price, including a company's financial rating, complaint index, and license status. The financial rating indicates a company's financial strength and stability, and the complaint index is an indication of its customer service. Buy only from licensed companies and agents. It is against the law to sell insurance without a license in Texas. You can also use the [Shopping for Auto Insurance Company/Policy Comparison Worksheet](#) to help you gather information about companies and the policies they offer.
- Review your credit score. Some companies use your credit score when deciding what rate to charge you. It's a good idea to look at your credit score each year and to correct any errors.
- You can learn more about a company, including its license status, complaint history, and financial rating from an independent rating organization, by calling TDI's Consumer Help Line at 1-800-252-3439 or by visiting our website at [www.tdi.texas.gov](http://www.tdi.texas.gov).

## Understanding Rates

Texas law requires insurance rates to be reasonable, adequate, not discriminatory, and not excessive. Auto insurance companies in Texas set their own rates and file them with TDI for review. Companies don't have to receive prior approval before using their rates but TDI can make a company give refunds if it decides the company's filed rates are excessive.

## Factors that Affect Your Premium

Companies use a process called underwriting to decide whether to sell you a policy and what rate to charge you. Companies must file their underwriting guidelines with TDI and update them each time they make a change. The factors companies typically use to set premiums include:

- **Your age and, for younger drivers, your marital status.** Men under 25 and unmarried women under 21 have the highest rates. Drivers over 50 may get discounts.
- **Your driving record and claims history.** A good driving record can save you money. Insurance companies will charge you more if you have accidents or tickets on your driving record. Companies may also charge more for major convictions, some driving violations, and accidents that damage property. Some surcharges are mandatory and will apply to your premium for three years.
- **Where you keep your car.** Rates are typically higher for people who live in cities because they have more accidents and auto thefts than people who live in rural areas.
- **Your car's type.** Collision and comprehensive rates are highest for luxury, high-performance, and sports cars. Rates may also be higher for cars that damage easily or cost more to repair.
- **Your car's primary use.** Your rates will be higher if you drive your car to and from work or for business. Rates are lowest for people who only drive for pleasure.
- **Your credit score.** Companies often use your credit scores to decide if they want to sell you a policy and at what cost. A company can't refuse to sell you a policy or cancel or nonrenew your policy based only on your credit. Visit the Learning Center on [HelpInsure.com](http://HelpInsure.com), a website maintained by TDI and the Office of Public Insurance Counsel, to find out which companies use credit scores and how they use them.
- **Whether you drove uninsured in Texas.** Companies may charge more if you drove without insurance in Texas for more than 30 days in the 12 months before you applied for insurance. If you didn't, a company can't charge you more for liability coverage because of your prior lack of

coverage.

## Discounts

Discounts can help you save money on your premium. Discounts vary by company. The following is a list of some of the ways you could receive a discount:

- defensive driving courses
- driver education courses for young drivers
- students with good grades
- parent or family whose young driver is away at school without a car
- more than one car on a policy
- policy renewal with good claims and driving records
- a homeowners policy with the same company.

You might also qualify for a discount if your car has

- airbags and automatic seatbelts
- automatic daytime running lights
- antilock brakes
- anti-theft devices.

## Auto Insurance for High-Risk Drivers

Before writing or renewing a policy, insurance companies try to determine whether you're likely to cause an accident. They'll check your driving history, insurance claims history, and sometimes your credit score.

If you have accidents or tickets on your driving record, you'll probably be classified as a high-risk driver and will have to pay more for insurance. Companies may add surcharges to your premium - some as high as 60 percent - for the following:

- accidents (the more accidents, the higher the surcharge)
- tickets for moving violations (speeding, etc.)
- involuntary manslaughter
- driving under the influence
- criminally negligent driving
- driving without a license or with a suspended license.

Some surcharges are mandatory and will apply to your premium for three years.

Companies may also look at your credit score when deciding whether to sell you a policy and at what cost. A company can't refuse to sell you a policy or cancel or nonrenew your policy based only on your credit. Visit the Learning Center on TDI's [HelpInsure.com](http://HelpInsure.com) website to find out which companies use credit scores and how they use them.

Many companies use the Comprehensive Loss Underwriting Exchange (CLUE) to learn an applicant's insurance claims history. Federal law allows you to request one free copy of your auto and personal property report every year. You can get your free reports by calling LexisNexis Personal Reports at 1-866-527-2600 or by visiting its website at <https://personalreports.lexisnexis.com/index.jsp>.

Keep shopping if you're having trouble finding insurance because you have tickets, accidents, or poor credit. Each company has its own criteria for deciding whether to insure people. Several major insurance company groups write coverage for high-risk drivers through one of their member companies.

## TAIPA

If you can't find a company willing to sell you a policy, you may be able to get basic coverage through the Texas Automobile Insurance Plan Association (TAIPA). You qualify for TAIPA coverage if two insurance

companies refuse to sell you a policy.

TAIPA only offers liability, PIP, and UM/UIM coverages. It doesn't provide collision or comprehensive coverage or higher liability limits than the law requires. You must reject PIP and UM/UIM coverages in writing if you don't want them.

TAIPA insurance is more expensive than insurance from most companies. TAIPA also charges surcharges for traffic tickets. Surcharges for accidents are also higher than in the traditional market.

TDI rules encourage insurance companies to take policyholders out of TAIPA and insure them at lower rates after a year without tickets or accidents. The rules also require companies to offer cheaper voluntary policies to their TAIPA policyholders who have gone three years without tickets or accidents.

To get TAIPA coverage, apply with a licensed insurance agent (not TAIPA). Only agents specifically certified by TAIPA may sell insurance through TAIPA. An agent who quotes you a premium higher than TAIPA's must tell you about TAIPA if you were previously uninsured and had no more than one accident and one ticket in the previous three years.

## Losing Your Insurance

Companies may cancel or nonrenew a policy for several reasons.

- **Cancellation** means the company ends your policy before its expiration date.
- **Nonrenewal** means the company doesn't renew your policy when it expires.

At your request, a company must explain in writing why it declined, canceled, or didn't renew your policy. It must tell you its sources of information and the incident or risk factor that violated its underwriting guidelines.

## Canceling a Policy

An insurance company may not cancel an auto policy that has been in effect for more than 60 days unless

- you don't pay your premium
- you file a fraudulent claim
- your driver's license or car registration are suspended or revoked (this also applies to other drivers who live with you or use your car).

During the first 60 days you have a policy, a company may cancel it for any lawful reason, including a ticket or an accident. If the company cancels your policy because of an accident, it still must pay for covered damages resulting from the accident. The company must send you a written notice at least 10 days before canceling your policy.

If either you or the company cancels your policy, the company must refund you any unearned premium. Unearned premium is the amount you paid in advance that didn't buy coverage. For example, if you paid a six-month premium of \$600 and you cancel your policy after one month, the company owes you \$500 in unearned premium, minus any applicable agent or policy fees.

## Not Renewing a Policy

A company can't refuse to renew your policy unless it has been in effect for at least 12 months. This means a company must renew a six-month policy to give you a full 12 months of coverage. The company must give you 30 days' notice before refusing to renew your policy.

In Texas, a company can't refuse to renew your policy because of

- weather-related claims, including damage from hail, floods, tornadoes, high winds, and hurricanes
- damage from hitting animals or birds
- damage from gravel and other flying and falling objects (the company can raise your deductible if you have three of these claims in 36 months)

- towing and labor claims (the company can refuse to renew your towing and labor coverage if you have four of these claims in 36 months)
- other claims or accidents that can't reasonably be blamed on you, unless you have more than one of these claims in 12 months.

If you get a nonrenewal or cancellation notice, start shopping for new insurance immediately. Make sure you buy a new policy before your old policy is canceled to comply with state law.

If you still owe money on your car, your lender will usually require you to maintain collision and comprehensive coverages. If you cancel or lose these coverages, your lender will buy single-interest auto physical damage coverage and add the cost to your loan payment. This coverage is expensive and only protects the lender.

## Your Rights against Unfair Discrimination

An insurance company may not

- deny, refuse to renew, limit, or charge more for coverage because of your race, color, religion, or national origin.
- deny, refuse to renew, limit, or charge more for coverage because of your age, gender, marital status, geographic location, disability, or partial disability unless the refusal, limitation, or higher rate is based on sound underwriting or actuarial principles. This means the company would have to show evidence that you present a greater risk for a loss than other people it is willing to insure.
- nonrenew your policy because someone in your family has turned 16.
- discriminate between individuals of the same rate or risk class in its rates, policy terms, benefits, or in any other manner unless the refusal, limitation, or higher rate is based on sound actuarial principles.

You may sue insurance companies for unfair discrimination, including denial of insurance. You must file the suit in a Travis County district court. If the court finds the suit groundless, in bad faith, or brought for the purpose of harassment, the court could order you to pay the insurance company's legal expenses.

## Steps to Take After an Accident

### At the accident scene

- If possible, move your car so you're not blocking traffic and you're protecting it from more damage.
- Call the police if someone is injured or killed, if you can't move your car, or if there was a hit-and-run driver. Your uninsured motorist coverage only pays for a hit-and-run accident if you report it to police.
- Get the following information from the other driver:
  - name
  - address
  - telephone number
  - plate number
  - license number
  - insurance company name (get the exact and complete name)\*
  - insurance policy number.
- Give the other driver the same information about you.
- Get the names, addresses, and telephone numbers of any witnesses to the accident.

\* If the other driver refuses to tell you the name of his or her insurance company, get a copy of the police accident report. The accident report may list the other driver's name and insurance company.

### At home after the accident

- Contact your insurance company as soon as possible. Your company probably has a 1-800 number to report claims. If not, call your agent. The agent or company will explain the claims

process, including how to schedule an adjuster and get repair estimates. Also, give your agent or company the names and addresses of any witnesses and anyone injured.

- If you reported your claim by phone, follow up in writing as soon as possible to protect your rights under Texas' prompt payment of claims laws.
- Send the company copies of the accident report and any legal papers you receive about the accident.
- Cooperate with the company's investigation. You might have to submit a proof-of-loss form or have a medical examination.

If a law enforcement officer didn't investigate the crash, you must submit a crash report to the Texas Department of Transportation within 10 days of the accident if

- there are injuries or a fatality
- your vehicle has property damage of \$1,000 or more
- you suspect the other driver is intoxicated, unlicensed, uninsured, or attempted to leave the scene of the accident.

If you don't file a report, you may be fined \$500, plus court costs.

### Filing a Claim

Texas law sets deadlines for insurance companies to act after you've filed a claim. Companies must

- Respond within 15 days after it receives your claim in writing. It will probably ask you to document your loss.
- Accept or reject your claim within 15 days after you submit any documents it asked for.
- Send your check or bank draft within five business days after it agrees to pay your claim.

A company that can't meet these deadlines must send you a notice explaining why. The company then has 45 days to either approve or reject your claim.

If the insurance company rejects your claim, it must explain the rejection in writing. If the company says your policy doesn't cover the loss, ask to see the policy language that they used to make the decision. A court will usually order the company to pay if the language is unclear and the policy could reasonably be read in your favor.

**Note:** The prompt payment law doesn't apply if another driver's insurance company is paying the claim. However, the company is still required to act in good faith and to make a prompt and fair settlement.

### Accidents Caused by Other Drivers

If you were in an accident caused by another driver, the other driver's insurance company should pay the following costs, up to the liability policy's limits:

- repair or replacement of your car
- car rental while your car is being repaired
- your medical and hospital bills
- wages lost because of an injury
- compensation for pain and suffering if anyone is hurt.

If the other driver's insurance won't cover all your medical bills, file a claim for the difference with your auto insurance company or your health insurance company. Your auto insurance company will use either your PIP coverage or (for amounts greater than that) your UM/UIM coverage.

If the other driver's policy won't cover all of your car repairs, file a claim with your auto insurance company. The company will use either your collision or UM/UIM coverage to pay the difference (minus your deductible) between the damage to your car and what the other driver's policy will pay.

### Settling the Claim

The other driver's insurance company may ask you to sign a release to settle your claim that says you won't file additional claims related to the same accident. Get a letter from your doctor estimating the cost and length of your future medical treatment to decide if your settlement is fair. Don't sign a release until you are satisfied with the total settlement. Texas law gives you two years after an accident to either settle your claim or file a lawsuit.

Texas law prohibits insurance companies from delaying payment of a claim to pressure you to sign a release. If you think an insurance company is delaying payment to pressure you, file a complaint with TDI.

If the other driver denies fault, his or her insurance company may refuse to pay your claim. Independent witnesses could make a difference in getting the company to pay. It's important to get names, addresses, and telephone numbers of any witnesses to the accident. Make sure the insurance company knows about the witnesses. If the company continues to refuse to pay the claim, you can file a claim against your own insurance or you may have to go to court to resolve the issue.

Ask your agent or your company's underwriting department how a claim might affect your rates on renewal. A company can't refuse to renew your policy solely because you had one accident in a 12-month period that was not your fault. However, if the accident affected your driving record, your company may consider it in determining your rates, whether you filed a claim for the accident or not.

### Getting Your Car Repaired

Your insurance company will either have an adjuster inspect your car and give you a repair estimate, or it will ask you to get estimates from mechanics and auto body shops.

Insurance companies will pay for repairs or replacement only up to the car's actual cash value. Actual cash value is the amount your car would be worth if it weren't damaged.

Some companies might give you a list of "preferred" repair shops, but they can't require you to use a particular repair shop. For collision and comprehensive claims, your company only has to pay for parts of like kind and quality to those that were damaged.

### Disputing a Settlement

If you and your insurance company can't agree on the amount of your settlement, you can demand an appraisal. Appraisal allows you and the company to hire separate damage appraisers. The two appraisers choose a third appraiser to act as an umpire. The appraisers review your claim, and the umpire rules on any disagreements. The appraisal decision is binding on the amount of the damage. If there is a dispute about what is covered, you can pursue a settlement of the coverage issue after the appraisal. You must pay for your appraiser and half of the umpire's costs.

Appraisal is available only in disputes between you and your insurance company. It is not available if the other driver was at fault and you disagree with his or her company's offer.

### Totaling a Car

If the repair estimates are more than your car is worth, the insurance company will likely total your car and pay you its actual cash value rather than pay to fix it. Insurance companies use various sources for determining the value of your car. Ask the company what source it used to determine your car's value.

The company might not have considered your car's condition, special features, or value on the local market when it calculated its settlement offer. Be prepared to negotiate with the company to get what you think is a fair deal. A company might raise its offer if you can show that your car would sell for a higher price in your area. Get written price quotes for a similar car from several used car dealers, or look in the classified section of your local newspaper for used car prices.

If you'd prefer to have your vehicle repaired instead of totaled, you can keep your car if you are willing to subtract its salvage value from the insurance settlement. Make sure the cost to repair the car will not exceed the car's actual cash value. To find out the salvage value, contact local salvage yards for estimates.

## APPRAISAL

## Getting a Rental Car

There are several types of coverage that will pay for you to get a rental car while yours is in the shop:

- If the other driver caused the accident, his or her liability insurance may pay for a rental car.
- If the accident was a hit-and-run or the other driver was uninsured and at fault, your UM/UIM property damage coverage will pay for a rental car.
- If your car was stolen and you have comprehensive insurance, your company will provide a set amount each day, up to your policy's limit, for a rental car.
- If your car is being repaired or replaced for some other reason, you must have rental reimbursement coverage to get a rental car.

## Getting Help

If you have a problem with your insurance company, first try to resolve the problem by talking to your agent or company. Disputes are often caused by miscommunication. Texas law requires most companies to have toll-free phone numbers for their policyholders.

If you still can't resolve the dispute, you may complain to TDI. TDI will ask the company for a detailed response to your complaint and then share the response with you. The insurance specialist assigned to your complaint will send you an explanation of the outcome, usually within 45 days of receiving your complaint.

TDI has limited jurisdiction in some complaints. For instance, we can't resolve questions of fact or determine who is at fault in an accident. You usually have to resolve these issues in court.

Even when TDI's jurisdiction is limited, our involvement may encourage the company to review your issue more thoroughly. In addition, your complaints and inquiries help TDI assist other Texans by identifying potential problems with insurance companies and agents.

## For More Information or Assistance

For answers to general insurance questions, for information about filing an insurance-related complaint, or to report suspected insurance fraud, call the **Consumer Help Line** at 1-800-252-3439 between 8 a.m. and 5 p.m., Central time, Monday-Friday, or visit our website at [www.tdi.texas.gov](http://www.tdi.texas.gov).

You can also visit [HelpInsure.com](http://HelpInsure.com) to help you shop for automobile, homeowners, condo, and renters insurance, and [TexasHealthOptions.com](http://TexasHealthOptions.com) to learn more about health care coverage and your options.

For printed copies of consumer publications, call the **Consumer Help Line**.

To report suspected arson or suspicious activity involving fires, call the State Fire Marshal's 24-hour **Arson Hotline** at 1-877-4FIRE45 (434-7345).

*The information in this publication is current as of the revision date. Changes in laws and agency administrative rules made after the revision date may affect the content. View current information on our website. TDI distributes this publication for educational purposes only. This publication is not an endorsement by TDI of any service, product, or company.*

For more information contact: [ConsumerProtection@tdi.texas.gov](mailto:ConsumerProtection@tdi.texas.gov) or 1-800-252-3439

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