

Kentucky Consumer Guide

To Buying Car Insurance



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BUY ENOUGH INSURANCE

The Purpose of This Book

If you take anything away from this book, my purpose and intent is that you take away that you need to make sure you have enough automobile (or truck or motorcycle) insurance.

These are three major kinds of insurance that your automobile policy should provide for you and which you must understand: liability coverage, uninsured motorist (UM) coverage, and underinsured (UIM) coverage.

Most people are most familiar with liability insurance. Liability insurance protects your assets if you cause an injury to someone in a car wreck. Your liability coverage will also protect your assets from the person you injured. Your insurance company will provide a defense for you, including hiring an attorney to defend you if you are sued, and pay the injured person up to the limits of the liability coverage you bought.

Liability insurance does not—and this is very important to understand—protect your assets if the injuries you caused are more than the amount of the liability coverage that you bought from your insurance company. If you have bought liability insurance of \$50,000 and you cause \$200,000 of injuries and damage to someone, your insurance coverage will pay its policy limits and the remaining \$150,000 can be recovered out of your own personal assets. We take many steps to protect our assets; buying enough liability coverage in your car insurance policy is just one of them. Make sure you have purchased enough liability coverage to protect your assets and your family that they serve.



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Uninsured Motorist Coverage

Uninsured motorist insurance (UM) protects you, if a driver who does not have any insurance injures you. The uninsured motorist insurance you have bought from your insurance company will then pay you benefits to the limits of the underinsured motorist coverage that you have bought. Make sure you understand this: where the other driver injures you is uninsured, your insurance company pays you. Keep in mind that an insurance policy is a contract: you pay the premiums and the insurance company agrees to pay benefits when a qualifying event occurs.

UM coverage can also provide coverage for you in a “hit and run” situation. Some insurance policies exclude from coverage a “hit and run” situation. Kentucky courts have ruled that unless coverage in a “hit and run” situation is excluded by the insurance policy language, the policy provides coverage in such a “hit and run” situation. You must read your policy carefully and make sure that you understand that it provides this sort of coverage for you.

Underinsured Motorist Coverage

Underinsured Motorist Insurance (UIM) provides protection and will pay benefits to you where you are injured by someone else who does not have enough liability coverage to cover the amount of your injuries and losses. For instance, another driver causes you \$100,000 worth of injuries but has only \$25,000 in liability coverage. In this type of situation, your company through the underinsured motorist coverage that you have bought from it will pay you benefits up to the limits of the UIM coverage you bought. UIM coverage is simply an additional way to buy insurance to protect you and your family.



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Liability Insurance: \$100,000/\$300,000

Liability insurance coverage is almost always expressed as an amount “each person” and an amount “each occurrence.” What this means in a liability insurance policy expressed as \$100,000/\$300,000 is that the policy would cover each injured person up to \$100,000 but the total coverage available for the accident is only \$300,000 so if four people are hurt in the accident, the limit that any one person would be paid is \$100,000 but all four people would have to share the total of \$300,000. In this type of situation, if any one person’s damages exceeded \$100,000 or if the entire claim of all people in the accident exceeded \$300,000, you would be personally responsible for the damages beyond the limits of your policy. Again, it is very important to buy enough insurance to protect you, your family and the assets you’ve worked a lifetime to build up.

How Much Uninsured Motorist Coverage Should You Get?

The message and lesson is simple: buy as much uninsured (UM) coverage as you can get your insurance company to sell you. Kentucky law requires your insurance company to sell you UM coverage. If you do not understand how important it is to have enough UM coverage, whether because your agent did not explain it adequately to you or whatever, you need to review your policy and determine if in fact you have UM coverage and, if you do, how much. You should buy the highest limits that you can afford.

How Much Will It Cost?

One concern that you may have is how you can afford so much more additional insurance coverage. You may be thinking that if you buy five times as much coverage, it will cost you five times as much as you are currently paying. Almost surely that is not the case. Some consumer surveys have determined that a ten times increase in insurance – from \$50,000 to \$500,000 – costs less than ten dollars per month in additional premiums. Ten dollars a month in additional premiums is not nothing but it’s not very much to get this much extra protection for you and your family.



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Why Your Insurance Company Didn't Tell You More About UM and UIM Coverage

Your insurance company probably did not tell you very much about UM or UIM coverage because they do not consider it a good deal for them. Think about it. First, for just a fraction more money you can greatly increase the amount of your coverage. Second, while your insurance company can set your premiums based on your driving history and its assessment of the risks that you present, it cannot do anything about uninsured drunk drivers out there or other uninsured drivers.

Although Kentucky law requires that every vehicle on the road carry a minimum liability coverage of \$25,000 it is commonly reported that 12-15% of the vehicles on Kentucky's roads are uninsured. While your insurance company can set its premiums for you based on your driving history and the risks that you seem to present, it cannot do anything about those folks driving around who are violating the law and do not have any insurance. Third, it is certain that a significant portion of those that have purchased liability insurance have bought the minimum coverage of \$25,000.

Your insurance company cannot do anything about those folks either. And since any serious accident is going to result in claims that far exceed \$25,000, your purchase of UIM coverage puts it in a situation where essentially it is insuring the underinsured driver who has not had opportunity to charge a premium. Insurance companies obviously prefer predictability and certainty. They like to be able to assess risk and set their premiums based on those assessments. They cannot do either of these things to the degree they like when they sell you high amounts of UM and UIM coverage.



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What Do I Need to Do Now?

Get out your insurance policy and review the first page, which will be called the "Declarations Page." It shows you what coverage you have and what you pay for it. If you can't figure it out, fax it to us at (859) 281-6541, and we'll review it.

Why I Wrote A Book About Car Insurance

First of all, I do not sell car insurance. I started out like many who will read this book, not having enough insurance coverage and not really understanding why it was important to have not just enough liability coverage, but also enough underinsured (UM) coverage and enough underinsured (UIM) coverage. I got a valuable education when I wound up representing clients who had jobs as insurance claims adjusters. Their work experience had well educated them on what types and how much insurance coverage you should buy. Being able to learn a lesson, I increased my insurance coverage as well.

Since then I have been contacted by many, many persons who have been injured by persons who did not have any liability insurance. I have had to tell them I could not help them, because the person driving without any insurance also had no assets to cover or even partially cover the damages they had caused.

I also wound up representing persons who had been injured by persons who did not have enough insurance coverage to cover anywhere close to my client's injuries. They had not known about underinsured motorist coverage or it had not been explained to them why it was important and how it could be important to them and their families. I also wound up representing a lady who had not been advised to buy enough liability insurance. She had been involved in an accident, her insurance company had paid her policy limits and then the person that she had injured had gotten a judgment and started seizing her assets.



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Like I said, I do not sell car insurance. Like you I buy car insurance to protect me, my wife and our two daughters. Your particular circumstances may vary a little from mine, but I feel virtually certain that your purpose in buying insurance is the same. My aim with this book is simply to provide you with some information to help you protect yourself and your family.

About My Practice

For over twenty years now I have been representing individuals injured and harmed by the negligence and wrongdoing of others in accident, personal injury, and disability claims throughout Kentucky. After all these years, most of these cases are referred to us by clients we have helped in the past or by other lawyers.

Each year we are contacted by hundreds of people who ask us to represent them. But we accept only a very few and limited number and those are the most serious cases. We don't make the claim that we handle any type of case, because we don't. I have been told by one person that came to me for representation that he did so because I had a good reputation for telling people that they did not have a claim or a lawsuit that could be won. I hope that is true, because sometimes the best advice to a client is to forget about it and move on. Other times the best advice to a prospective client is to refer them to another attorney who has experience that is more applicable to their situation or who has a practice more orientated to their type of case. The reason for this is simple: if I take your case I have decided that it is a serious case and one that requires my direct, sustained and personal attention. Limiting the number of cases allows me to do a better job on those cases I do accept and this makes both me and the client more satisfied.

I will not accept representation of you until I am satisfied that you understand the potential strengths and weaknesses of your case, the potential problems that we will



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encounter as it proceeds through the courts, how the steps in the court process will work, and we will estimate as best can be done how much it will cost. If you understand these things at the beginning, I have found it greatly reduces the anxiety and worry that inevitably arises to some degree or another as your case moves forward.



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About The Author

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Robert L. Abell has been representing individuals and families in personal injury and accident cases for over 20 years. He is a graduate with honors from both the University of Kentucky and the Tulane University Law School. Robert is a member of the American Association for Justice, Kentucky Justice Association, Kentucky Bar Association, Kentucky Watch and the Fayette County Bar Association.

You can find out more at **www.RobertAbellLaw.com**, where you will also find additional information that you may either review online or download for reading on your own. You can also visit **Abell's Kentucky Law Blog** at http://abelllaw.typepad.com/abell_law_blog/ where you will find news and postings important to individuals and their families.