

Kentucky Department of Insurance

Facts About Automobile and Homeowners / Renters Insurance

Auto and homeowners insurance terms you need to know:

Actual Cash Value (ACV) - What an item was worth at the time it was damaged or stolen.

Additional Living Expenses - Pays costs above your normal expenses if your home is damaged by an insured event to the extent that you cannot live there while repairs are being made.

Bodily Injury Liability - Coverage for claims made against you for injury/death of others caused by your negligence.

Collision - Covers damage to your vehicle when it is involved in an accident or collides with something. Collision does not cover injuries to people or damage to property other than your covered vehicle. If your vehicle is financed, most lenders will require collision coverage to protect its interest.

Comprehensive Coverage - Covers damage to your vehicle due to perils other than collision. Comprehensive perils include fire, theft, vandalism, flood, falling objects and colliding with a bird or animal.

Contents - Coverage for personal property that is movable such as televisions, radios, clothes and household items.

Deductible - Amount for damages you must pay before your insurance company begins paying.

Dwelling - A permanent structure with walls and a roof. Most dwellings also include plumbing, wiring, and heating and air conditioning equipment. Other basic equipment such as fire extinguishers, snow shovels, lawn mowers and so forth, which are used to service the dwelling and surrounding land, are covered as personal property and are not considered as part of the dwelling in a homeowners policy.

Exclusion - A contract term referring specifically to property, people, situations or items not covered by your policy.

No-Fault - Basic no-fault coverage provides up to \$10,000 to each occupant in your vehicle for medical expenses, lost wages and similar "out-of-pocket" costs due to an injury occurring in an automobile accident.

Perils - Events that cause damage to property such as fire, windstorm and theft.

Policy Limit - The maximum amount that the insurance company will pay on any covered loss.

Property Damage Liability - Coverage for damage or destruction to another person's property caused by your negligence.

Replacement Cost (RCV) - What it will cost to replace an item.

Underinsured Motorist (UIM) - Coverage for bodily injuries sustained by you and/or your passenger that exceed the limits of the responsible party's policy.

Uninsured Motorist (UM) - Coverage for bodily injuries sustained by you and/or your passenger in an accident caused by the negligence of a driver who had no insurance or by a hit-and-run driver.

Automobile Insurance

Tips for reducing your auto insurance rates:

- **Be a comparison shopper** - Shop around with different companies; you may be surprised at the differences in costs.
- **Raise your deductible** - This lowers the cost of your premiums.
- **Limit your claims** - Your claim history may affect your premium cost.
- **Decrease your risk of loss** - Don't leave valuables in the car. Lock your car doors and never leave your car running while unattended.
- **Ask about discounts** - For example, install anti-theft devices or attend driver's education classes. Many companies will offer a discount if you have your auto and homeowners (or renters) insurance with them.
- **Annually review your policy limits and the value of the vehicle(s) you have insured.**
- **Check out rates before buying a car** - Consider buying a low profile or family car instead of a high-performance vehicle.
- **Review your credit report** - Most companies consider your credit history when determining premiums.

In Kentucky, the law requires the owner of a vehicle to carry **at least** \$25,000 for bodily injury liability per person in an accident, \$50,000 for all bodily injuries per accident, and \$10,000 for property damage per accident. This is sometimes referred to as **25/50/10**. You must show proof of coverage each time your vehicle registration is due for renewal. Your auto insurance card is required to be carried in your vehicle at all times.

Auto insurance does not contain a grace period for making premium payments. If the premium is not

paid timely, the coverage will end. If paying the entire premium amount at once is difficult, most insurers offer a payment plan.

Through investigations, the Kentucky Department of Insurance has uncovered individuals selling fraudulent insurance cards for proof of auto liability insurance. Often the cost of this fake card has exceeded the cost of legally purchased auto insurance. If you are unsure if the coverage you are purchasing is legitimate, please contact our Division of Consumer Protection at 800-595-6053, and select option 1.

Homeowners / Renters Insurance

If you rent a house, apartment or a condominium, you should purchase a renters insurance policy on your belongings. The landlord's insurance covers damage to the building but not your possessions. Also, most renters policies include personal liability coverage in case someone is injured due to negligence on the landlord's property.

All homeowners or renters policies include a deductible. The deductible is the amount you will be responsible for paying for a covered loss before the insurance company begins to pay. When purchasing a policy, you should pick a deductible that fits your budget.

Your premium will depend on the insurance company, where you live, the deductible you choose, if claims will be paid on an ACV or RCV basis and any additional coverages you purchase. Be sure to ask about any discounts such as dead bolt locks or smoke alarms.

Fire Hazards

Extension cords, decorative candles and space heaters all have their usefulness. Unfortunately, many fires occur because these items are used improperly or are left unattended. To be safe, never place a burning candle near any object that can catch fire, always keep them out of reach of children and/or pets and never leave burning candles unattended.

Misused, overused, faulty or damaged extension cords are also dangerous. Minimize your use of extension cords and never use one that is damaged. Also, you should never use an appliance that has a damaged cord. If a cord becomes hot to the touch, stop using it immediately.



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