

"I Have Full Coverage!" Do You Really?

By Carol R.M. Moss, Esq.

A common response when people are asked about their auto insurance coverage is, "I have full coverage." People seem more knowledgeable and worried about the insurance that protects their automobile than the insurance coverage that protects the people inside that car. As I work with people injured in automobile collisions, I often have to explain why there is not enough insurance coverage to fully compensate them for their injuries. Unfortunately, by that time, it's too late to get the best insurance protection.

Under Minnesota law, an auto insurance policy must provide three types of insurance protection. This article will give you an overview of that protection and explain how to improve your protection, including what questions you should ask your insurance agent, and how to get the best value for your money.

An Overview of Your Auto Insurance Coverage:

The insurance coverage that most people are familiar with is liability coverage, which protects you should you injure someone. If you hurt someone in an auto collision and they file a lawsuit against you, your insurance company will hire an attorney to defend you and make

payments up to your policy limits in an effort to prevent you from having to personally compensate the other person.

Typically, your auto policy provides you with *underinsured* motorist coverage (UIM) and *uninsured* motorist coverage (UM). These types of coverage are the most misunderstood. Their goal is to protect you in case you are injured by someone else in an automobile collision.

UIM coverage pays you benefits when you are injured by someone who does not have enough liability auto insurance to fully compensate you for your injuries. For example, consider the situation in which someone seriously injured you in an auto collision and you now require extensive medical treatment and you lose a substantial amount of time from work. In addition, you experience severe pain and suffering and will have a permanent disability that affects every aspect of your life. Your situation may require a substantial amount of money to fully compensate you for your injuries. If you are still not fully compensated for your injuries after collecting from the other driver's insurance company, you can make a claim to your own auto carrier for UIM benefits in attempt to be fully compensated for your injuries.

UM coverage pays you benefits if you are injured by someone who does not carry auto insurance or if you are

a victim of a hit-and-run. Having UM coverage is important, because according to the Insurance Research Council, more than 1 out of 10 drivers in Minnesota were uninsured in 2007. (Even though state law requires all vehicles to be insured, many drivers ignore the law and drive uninsured.) With the recent economic downturn, that number of uninsured drivers is believed to be even higher today. There is a serious risk that you could be injured by someone who does not carry any auto insurance.

Minnesota law also requires drivers to carry no-fault insurance coverage. Benefits under no-fault insurance are available regardless of who was at fault for the injuries. At a minimum, no-fault coverage provides \$20,000 for medical bills and \$20,000 in wage losses and replacement services. No-fault medical coverage is often viewed as being superior to health insurance, because there are no deductibles or co-pays and you can see any doctor of your choice. There are, however, limits to the wage loss and replacement services benefits allowed under no-fault. For example, these benefits are typically limited to a maximum of \$250/week.

How to Improve Your Protection Without Breaking The Bank

1.) Raise Your Coverage Limits.

Most people are shocked by how inexpensive it is to increase their auto insurance limits for the maximum protection. Typically, an insurance agent makes the most money by bringing the new client to the company. The insurance company does not make a lot of money by having their clients purchase a policy with high limits rather than a policy with lower limits, because the possibility of having to pay the full benefits of a policy with high limits can hurt a company. Unfortunately, some insurance agents do not advise their clients of the benefits of having higher policy limits to minimize payout risk to the insurance company.

It is vital to have a policy with high limits, especially a policy with high UIM/UM limits. It is far more likely you will be hit by someone who is irresponsible, driving with multiple DUIs, or cannot afford auto insurance than it is you will be hit by someone who is conscientious, has the financial resources to compensate you, and carries an auto policy with high limits.

2.) "Stack" Your No-Fault Benefits or Purchase Higher No-Fault Benefits.

If you insure more than one vehicle in the household, you can elect to have your no-fault coverage stacked on top of each other for a nominal fee, so you have \$40,000

in medical benefits rather than \$20,000. If you insure only one vehicle, you can usually increase your no-fault benefits for a small charge.

Why do you need no-fault coverage or why should you increase your no-fault coverage if you have health insurance? There are two main reasons. As mentioned previously, there are no co-pays or deductibles with no-fault insurance. Anyone who has received medical treatment for a serious injury or illness knows that deductibles and co-pays can quickly add up, even with the best health insurance coverage. For example, seeing a physical therapist three times a week for six weeks can quickly accumulate a substantial amount of co-pays. If you cannot work because of your injuries, these out-of-pocket expenses can really add insult to injury.

Second, if your medical treatment was paid by your health insurance company, you may be required to reimburse your health insurance company if you recover money from the person who injured you. In the vast majority of cases, you do not reimburse your auto insurance company for no-fault medical benefits paid on your behalf, even if you receive a full recovery from the other driver's insurance company.

3.) Purchase an Umbrella Policy.

An umbrella policy provides an extra layer of protection on top of your home and auto insurance policies. To receive the most protection, you need to inquire about two things before purchasing one of these policies.

Make sure the umbrella policy provides UIM/UM protection. It may cost a little bit more, but that is the reason you are purchasing this policy: to protect yourself.

Next, ask if the policy provides protection should you need to make a claim for injuries caused by someone within your household. For example, ask your agent if the policy provides benefits if a parent negligently causes an auto collision and injures a child in the vehicle. You can purchase the coverage to protect you and your loved ones. It is important that your policy includes this protection.

Getting into your car may be the most dangerous thing you do each day. In a single moment, your whole life can be drastically altered by a car collision. Making sure you are fully protected can save you from having to deal with the harsh realities that occur when you are hurt and you realize you did not do enough to take simple steps to protect yourself.

Carol Moss is an associate in our litigation department. She represents individuals and families who have been injured or lost a loved one through a personal injury or medical malpractice. She can be reached at cmoss@hjlawfirm.com or 952-746-2187.

This newsletter provides general information on legal matters, and should not be relied upon as legal advice. A qualified attorney must analyze the relevant facts and apply the applicable law to provide specific legal advice. If you require legal advice or want additional information regarding the services we offer, please contact us at 952-941-4005.


49 Reasons to Do Your Estate Plan (Even In a Recessionary Economy)

- Are you consumed with anxiety and worry in this recessionary economy?
- Have you watched your real estate and retirement accounts decline in value, your net worth plummet?
- Does the economy have you “frozen” with inaction over your financial affairs?

If you answered “yes” to any of these questions, there is good news. Fortunately, you can still control some things in life. You can be sure that your estate plan meets your objectives by getting what you have, to whom you want, in the way you want, to the best possible advantage of loved ones, with the least tax and expense.

H&J's Estate Planning Division is offering a free 30 minute consultation that covers the basic estate planning concepts, including title to property, probate and trust

administration, beneficiary style assets, revocable trusts, plans that benefit disabled children, Federal and State estate tax exemptions, fiduciary duties, gifting, charitable giving strategies, prenuptial agreements, strategies for retirement assets, and business succession planning.

Tim Davis, a partner at Hellmuth & Johnson, PLLC, has over 30 years' experience focusing his law practice on the estate planning, probate, and trust areas as well as business succession planning. He works closely with individuals and families of all sizes and net worth to identify objectives and implement effective estate plans that meet their goals. He has also assisted families in transferring the family business from one generation to the next in the most tax efficient and streamlined manner with the objective of preserving and allowing the business to continue to thrive in the second and third generation. Davis also helps clients achieve their charitable giving goals through a variety of estate planning strategies. Tim can be reached at tdavis@hjlawfirm.com or 952-746-2104. 



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H&J ADDS NEW ATTORNEYS

Please help us welcome the following attorneys:

Karl E. Robinson- Litigation

Chad A. Kelsch- Bankruptcy and Debtor/creditor remedies
Jack K. Bouquet- Real Estate, Community Association Law, and Estate Planning

Michael Viola- Real Estate

You can learn more about them at www.hjlawfirm.com

APPOINTMENTS

Erik F. Hansen has been reappointed to the Minnesota Supreme Court Advisory Committee on the Rules of Civil Appellate Procedure for a three year term. Barton C. Gernander has been reappointed to the MSBA Court Rules and Administration Committee.

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