

Full Coverage Car Insurance

In the car insurance world, the phrase "full coverage" is used often. But what exactly does the phrase mean? Full coverage is a phrase that was created many years ago by a couple of insurance agents to mean that a car insurance policy is all-encompassing. Full coverage is not a technical insurance term, however, and thus can mean different things to different insurance agents and agencies. Despite no concrete definition for the phrase, due to its commonality it has come to define a car insurance policy that has the following coverage:

- Liability Coverage
- Collision Coverage
- Comprehensive or Other Than Collision Coverage
- Uninsured/Underinsured Motorist Coverage
- Personal Injury Protection or Medical Payments Coverage
- Rental Car Coverage & Towing Expenses

Liability Coverage vs Full Coverage

You've probably heard an agent say "Would you like liability only or full coverage insurance?" Liability insurance coverage is required nationwide, and thus when an agent asks the above question, she is usually asking if you want the minimum insurance required by the state, or if you want more comprehensive insurance.

Liability coverage is meant to prevent you from paying money out of pocket for your negligent actions. For example, if you cause a car accident, liability only insurance will not repair the damage to your vehicle, but it will repair the damage you cause to other vehicles and property.

Collision Coverage

Collision coverage is an essential component of full coverage car insurance. Collision coverage is not typically required by law. It is used to repair your vehicle if you are the cause of an accident. As

mentioned above, liability insurance does not protect the insured's (the insured is the person who owns the car and thus the insurance policy) vehicle, but rather other people's property that the insured may damage. Collision coverage does just the opposite; it protects your vehicle and property when an accident occurs. Unless a vehicle is worth very little, it is usually smart to carry this coverage.

Comprehensive Coverage

Comprehensive coverage (also referred to as Other Than Collision) serves a similar purpose as collision coverage when protecting the insured's vehicle from damage. The main difference is that comprehensive coverage doesn't repair damage caused by accidents, but instead repairs damage caused by anything other than an accident. The most common uses of comprehensive coverage are repairing cracked windshield, hail, snow, vandalism, theft, and other non-accident related damage. Comprehensive coverage rounds out full coverage insurance for the insured's automobile, because along with collision coverage, the vehicle is protected from all types of damage.

Uninsured/Underinsured Motorist

Full coverage car insurance could never be considered complete without uninsured/underinsured motorist coverage. This coverage is meant to pay for damage to the insured's property if the person who caused the accident either didn't have insurance or didn't have adequate insurance. This is a crucial piece of full coverage insurance, because there are thousands of drivers out there without insurance and without the means to pay for the damage they may cause.

Personal Injury Protection or Medical Payments

Personal Injury Protection or Medical Payments coverage protects and pays medical expenses for the passengers in the car. This is the only part of auto insurance that isn't related to the vehicle, but

rather to the precious cargo traveling inside the vehicle. In order for most insurance agents to consider a policy full coverage, the policy must have at a least a modest amount of medical payments or personal injury protection.

Rental Car Coverage & Towing Expenses

The final component of full coverage insurance is rental car and towing insurance. Nothing can make a car insurance policy holder more frustrated than finding out the insurance policy won't pay for a rental car while her vehicle is being repaired. Today full coverage has come to mean that the insured also has adequate rental car coverage as well as towing coverage to tow the vehicle to a body shop.

All the above coverage options make up a full coverage car insurance policy. The next time you hear an agent use the term "full coverage," think back to all of the coverage options listed above. Remember, however, that there is no definite definition of the term, so make sure to clarify with the agent you're speaking with exactly what she means by full coverage.