

## Automobile Comprehensive Insurance Coverage

When you purchase car insurance, you have the option to insure your vehicle with comprehensive coverage. Comprehensive insurance can be a very valuable coverage option for drivers who want quality insurance protection. What is comprehensive insurance, what does it repair, and when is it most commonly used?

### What is comprehensive insurance?

Comprehensive insurance is an optional car insurance coverage that protects the insured's vehicle. The "insured" is the person who owns the car insurance policy. In simpler terms, comprehensive coverage will pay to repair damage to your vehicle if it is damaged by an event that is unrelated to a collision.

### Comprehensive Insurance is referred to as "Other Than Collision"

As stated above, comprehensive coverage repairs vehicles that have been damaged through non-collision-related events. Comprehensive coverage is often referred to as *Other Than Collision coverage*. The two terms can be used interchangeably.

There is no exhaustive list for what is and isn't covered with comprehensive coverage. The following are a few examples of perils that qualify for comprehensive insurance coverage. This is not an extensive list, but rather a few examples of what comprehensive insurance will cover.

- Missiles or Falling Objects
- Fire
- Theft or Larceny
- Explosion or Earthquake
- Windstorm
- Hail, Water or Flood
- Malicious Mischief or Vandalism

- Riot or Civil Commotion
- Contact with Birds or Animals
- Breakage of Glass

**Example:** You go to bed one night, only to wake up the next morning and realize a terrible hail storm took place during the night. As a result, your vehicle sustained \$4,000 in hail damage. Hail is considered a non-collision-related peril, so if you have comprehensive coverage, your insurance company should repair the damage.

## **Comprehensive Coverage comes with a deductible**

Comprehensive coverage is always subject to a car insurance deductible. The deductible is the amount of money you will have to pay for your comprehensive claim before your insurance company begins to repair the remaining damage. The deductible amount for comprehensive coverage can range from \$0 to \$5,000 or even higher. The higher the deductible, the more the insured will have to pay before the insurance company will pay the rest.

Why would anyone choose a high deductible if it means she has to pay more before her insurance company will repair the remaining damage? The higher the deductible, typically the less expensive the auto insurance policy. Many drivers like to consider the costs and benefits of raising and lowering the deductible before making the decision of what is the right deductible amount for an owner's desired level of risk.

**Example:** You leave your car outside in a terrible wind storm. You have Other Than Collision (Comprehensive) coverage with a \$500 deductible. A tree falls over and hits your car. After the storm you take your car into the shop and the assessed cost to repair the damage is \$4,000. How much will your insurance pay? Answer: \$3,500, which is the difference between your deductible and the amount of damage done to the vehicle.

## **Comprehensive Insurance doesn't come with a coverage ceiling**

Unlike auto liability insurance, there is no maximum amount of insurance that applies to your comprehensive coverage. Your insurance company will pay you the lesser of the amount that it costs to a) repair your vehicle or b) replace your vehicle. Whether you have a Dodge Neon or a Lamborghini Diablo, if your car gets stolen or damaged, your insurance will pay to either repair or replace the vehicle!