

Underinsured Motorist Coverage

Auto insurance today has many moving parts. One coverage option that is proving to be more and more useful is Underinsured Motorist. Here we take a look at what Underinsured Motorist is, how it works, and what makes it an important insurance coverage.

What is Underinsured Motorist Coverage?

Underinsured Motorist Insurance is a car insurance option that is available for insured drivers. Underinsured Motorist provides protection from drivers who have insurance, but their insurance coverage is insufficient to cover the costs of an accident.

Regardless of where you live, state laws require every person who owns a vehicle to carry auto insurance. Minimum car insurance requirements vary by state, and in some states they are extremely low. Underinsured Motorist aims to negate the risks of colliding with a driver who has state minimum insurance that is insufficient to cover the damages and personal injury caused by the underinsured driver.

What is the difference between Uninsured Motorist and Underinsured Motorist?

Uninsured and Underinsured Motorist coverage are very similar insurance options. In fact, many states combine them into one insurance coverage. If your policy only lists Uninsured Motorist coverage, your state most likely combines Uninsured and Underinsured Motorist insurance.

If you live in a state that keeps the two coverage options separate, it's important to understand the difference between the two. Uninsured Motorist provides protection to the insured from drivers who are disobeying the law and driving without insurance. Underinsured Motorist provides protection to the insured from

drivers who are obeying the law and have insurance, but just don't have adequate insurance to cover damages.

How does Underinsured Motorist Coverage work?

Underinsured Motorist insurance acts as a boost to the underinsured driver's auto liability insurance. It supplements the underinsured driver's policy by increasing the liability limits by the amount of Underinsured Motorist coverage listed in the insured's policy. Thus, the maximum protection the insured can receive is the sum of the underinsured driver's liability insurance and the insured's underinsured motorist coverage.

Why should I purchase Underinsured Motorist Coverage?

When you purchase Underinsured Motorist coverage, you are further ensuring that you won't have to pay money out-of-pocket for property damage or personal injury caused by underinsured drivers. Underinsured Motorist insurance is the only type of insurance that will protect you from the limited liability of others. By definition, the auto liability insurance of the underinsured driver has already been exhausted. Collision coverage and comprehensive coverage insure your vehicle for accidents you cause, and thus are of no help here. Personal Injury Protection may insure the passengers in the vehicle on a no-fault basis, but won't insure any property damage.

Can you see why underinsured motorist is such an essential coverage? With underinsured motorist, you no longer have to worry whether or not the underinsured driver who hits you is insured; you can drive peacefully knowing you're covered.

Underinsured Motorist is required in many states

As mentioned above, auto insurance requirements vary from state-to-state. This means that each state can (and does) have different insurance requirements. Lawmakers in some states have deemed Underinsured Motorist insurance important enough to require that

every driver carry it. There are 15 states that currently require this coverage:

- Connecticut
- Illinois
- Kansas
- Maine
- Maryland
- Minnesota
- New Hampshire
- New Jersey
- New York
- North Dakota
- Oregon
- Rhode Island
- South Dakota
- Vermont
- Virginia

It is important to note that there are many states that require Uninsured Motorist coverage, but not necessarily Underinsured Motorist coverage. Many states, however, combine Uninsured and Underinsured insurance together. Therefore, there may be states that inadvertently require Underinsured Motorist coverage by mixing it with Uninsured Motorist coverage. The above states are the only states who specifically list Underinsured Motorist coverage as a required coverage.