TOP 10 AUTO INSURANCE MYTHS

ANSWERS & ACTION

OREGON DIVISION OF FINANCIAL REGULATION

1

I don't have to worry because I have full coverage.

Full coverage can mean many different things. Often, drivers filing a claim are surprised to find that their full coverage does not include emergency roadside service or rental reimbursement. These optional types of coverage must be purchased separately. Read your policy so you understand what is and is not covered.

2

My car has to be demolished to be considered a total loss.

Not necessarily. Regardless of the visible damage, your insurance company will determine if it is practical to have the car repaired. If the cost to repair your car exceeds its value, it will likely be totaled. To learn about your rights if your car is declared a total loss. Go to the Division of Financial Regulation website.

3

I have 30 days to notify my insurance company when I buy a new car.

That is not true. Typically, you have 14 days to tell your insurance company about a newly acquired vehicle. This drops to four days if you don't already have physical damage coverage on another insured car. Because policies vary, ask your agent or customer service representative exactly when you must notify your insurance company to make sure your new car is covered.

4

Any property stolen from my car or damaged in an accident will be covered.

This can be an expensive misunderstanding. Auto insurance policies generally don't cover personal property stolen from your vehicle or damaged in an accident. (Homeowner or renter policies do, but you will probably have to pay a deductible first and there can be limits on certain types of items.) Bottom line: Don't leave valuables in your car.

5

My insurance company will pay any medical bill if I'm injured in an accident.

Not always, and not indefinitely. Personal injury protection (PIP) insurance covers only "reasonable and necessary" medical expenses incurred within one year — up to $15,000 or your PIP limit. And your medical insurance will usually not cover medical expenses resulting from a car accident until your PIP coverage is exhausted. Read more about PIP coverage on the Division of Financial Regulation website.

6

My insurance policy will remain active even if I'm late paying the bill.

Sorry, but the "grace period" for not paying your car insurance premium is short. If you are late on a payment, the insurance company can cancel your policy with just 10 days' notice, as long as the cancellation warning is printed on your bill. Insurers can choose to give you more time to pay your premium, but they are not required to.

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I have to use the repair shop my insurance company recommends.

Here in Oregon, an insurance company cannot legally force you to use a particular repair shop as a condition for payment. Many insurers have relationships with networks of "preferred" repair shops, but ultimately, you get to decide where to take your car.

8

The insurance company is responsible for the quality of repairs, even if I choose the shop.

Insurance companies must work with the repair shops within their networks to make sure damaged vehicles are returned to pre-loss condition. But they are not responsible for repairs done outside their network, so carefully choose your repair shop. Get referrals from people you trust and check for complaints with the Better Business Bureau and the Department of Justice. And make sure you are satisfied with the finished work before the insurance company pays the repair shop.

9

The insurance company has to pay for new factory parts to fix my car.

Actually, it doesn't. Insurance companies can opt for aftermarket or recycled parts instead, as a way to help keep your premium costs down. For your protection, Oregon law requires that aftermarket parts be certified equivalent to factory parts by an independent testing facility.

10

An insurance company cannot deny liability just because it can't find the policyholder.

When you make a claim against another driver, the insurance company investigates to determine the legal obligation of the person it insures. If the company can not find the person — and can not accurately determine what happened — it is possible there would be no coverage. Of course, insurance companies must make every effort to contact their policyholders.

For more information, contact the **Oregon Division of Financial Regulation at 888-877-4894** (toll-free) or visit **dfr.oregon.gov**

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