

BUYING CAR INSURANCE IN GEORGIA

**AN INSIDER'S GUIDE TO
GETTING MAXIMUM PROTECTION**



Buying Car Insurance in Georgia An Insider's Guide to Getting Maximum Protection

by Sheryl L. Burke

**Law Offices of Sheryl L. Burke
1230 Peachtree Rd N.E.
Suite 1900
Atlanta, GA 30309**

**Phone: 404-842-7838
Email: Sheryl@SherylBurke.com
www.SBurkeLaw.com**

Preface..... 4
About the Author 5
Disclaimer 6
Chapter 1:..... 7
After a serious or fatal accident, you wouldn't expect these results..... 7
Chapter 2:..... 10
Georgia's Minimum Insurance Laws..... 10
Chapter 3:..... 13
Types of Supplemental Car Insurance Available..... 13
Chapter 4:..... 16
Uninsured and Underinsured Motorist Coverage 16
Chapter 5:..... 19
The Myth of Full Coverage..... 19
Chapter 6:..... 20
How a Personal Injury Attorney Can Help..... 20

Preface

While the goal of this guide is help provide a few insights and clear explanations about car insurance, you may be wondering why it's being written by an attorney and not an insurance broker. The truth is that before I began representing accident victims I worked as an insurance adjuster for 4 years helping the insurance companies reject or deny the same types of accident claims I now argue for the victim.

Working as an insurance adjuster and later, a personal injury lawyer, has allowed me to see how the insurance industry works from the inside out. It's also shown me time and again about the importance of having the right amount of protection from your car insurance carrier in the event you are injured in a crash.

The information contained in this guide is meant to give you the best possible understanding of how your car insurance policy limits can affect you after a serious car accident. I have heard from many car accident victims whose injuries left them in desperate financial circumstances, many of whom thought that their car insurance would cover their expenses, only to find out too late that their coverage was inadequate.

While many people may believe in the myth of "full coverage", this guide hopes to explain why that term doesn't mean what you think it means, as well as what you can do to better protect yourself and your family. For more information about my law firm and the types of claims we handle as well as important information about the process of filing a personal injury claim in Georgia, I invite you to visit my website and article library at <http://sherylburke.com> or contact me directly to set up a consultation of your case.

About the Author

“That which we persist in doing becomes easier for us to do; not that the nature of the thing itself is changed, but that our power to do is increased.” -- Ralph Waldo Emerson

At the age of 12, Sheryl L. Burke went through the criminal justice system as a victim. It was such a terrible experience that it motivated her to become an attorney. Burke realized that if she had an attorney who took the time to educate her about the legal process, she would have been more confident and better prepared. Ms. Burke grew more and more committed to becoming an attorney who genuinely cares about her clients.

Burke started her career as an Insurance Adjuster. Shortly after, she went to law school and practiced corporate law. In 1995, Burke came to Atlanta to open her own personal injury law firm with just \$250. Since then, the Law Office of Sheryl Burke has evolved immensely, but their mission and values remain the same. Sheryl Burke and her staff are committed to justice and ensuring that people are treated fairly.

In addition, Burke is a member of The State Bar of Georgia, The American Bar Association, Association of Trial Lawyers, Georgia Trial Lawyers Association and The State Bar of California. Sheryl is also an Introduction Leader for Landmark Education and a very active tennis player.

Disclaimer

This book is designed to provide information about the subject matter covered. It is provided with the understanding that the author and the publisher are not engaged in rendering legal, accounting, or other professional services. If legal advice or other professional assistance is required, the services of a competent professional person should be sought.

Every effort has been made to make this book as complete and as accurate as possible. However, there may be mistakes both typographical and in content. Therefore, the text should be used only as a general guide and not as the ultimate source of the subject matter covered.

The author and the publisher shall have neither liability nor responsibility to any person or entity with respect to any loss or damage caused or alleged to be caused directly or indirectly by the information covered in this book.

This book is exclusive property of the publisher and/or the author and are protected by copyright and other intellectual property laws. You may not modify, transmit, publish, participate in the transfer or sale of, reproduce, create derivative works from, distribute, perform, display, or in any way exploit, any of the content of this book, in whole or in part.

Chapter 1:

After a serious or fatal accident, you wouldn't expect these results.

Through my experience representing traffic accident victims, the one thing they all seem to have in common is an often unrealistic view of how their insurance company will help them after a crash.

On some levels it makes sense, you purchase car insurance and pay diligently each year, so when you are involved in an accident, all those payments should count for something, right? Unfortunately what isn't as widely understood is that your insurance company, or even the other party's insurance company, can only help you up to the limits of the policy. These limits stay in place regardless of the amount of injury or damage the car accident caused.

The Truth About Insurance: If you have \$1,000,000 worth of medical bills but only \$25,000 worth of insurance available, you are not going to get more than \$25,000 from the insurance company. In fact, insurance is such an important component of accident compensation that most lawyers won't even take a case if there is no insurance available or the insurance limits are too low.

To help illustrate this practice in real terms, take a look at some of the cases that I've handled. Of course, I've left out the names and changed a few details to protect the identity of these clients.

Client #1 - A young male in his twenties was a victim of an auto accident. He sustained traumatic brain and spinal injuries and was left incapacitated for the rest of his life. He now requires 24 hour care, which can cost upwards of \$70,000 a year. The defendant's insurance policy limits were \$25,000 for bodily injury. Therefore, our client could only receive \$25,000 dollars in his insurance settlement.

Client #2 – This male client was the victim of a head-on collision with a truck. He was in a coma for 3 days and had to live in a physical therapy facility for 3 months. Before the accident, he was making \$15 per hour, working full-time to support his wife and kids. As a result of his injuries, he lost his job. He remained in treatment for a year, and has just been released to work part-time. The policy limits on the defendant’s insurance were \$100,000 but our client’s medical bills were \$610,000. However, due to the policy limits there was only \$100,000 for the client to recover.

Client #3 – This female client was involved in an auto accident where her car spun out of control, went airborne over a ditch on the side of the highway, and collided into a row of trees. Prior to the accident, she had built a career as an artist. The car accident left her unable to perform her job, forcing her to get re-educated to learn a new trade. The defendant had 2 insurance policies; the limits were 50 and 300. Although our client lost her job, had to pay to re-educate herself, and sustained severe injuries, we could only settle the claim for the policy limit of \$350,000.

These are all examples of situations where even though the bills were much more expensive than the compensation in the settlement, we were at least able to get those clients the maximum amount of compensation available based on the insurance limits. Even if you have \$50,000 worth of coverage, the insurance companies often aim to pay you less than what your claim is worth.

This is because first and foremost an insurance company is a business. In order to stay in business, they can't just go around paying everyone what their claim is worth, so they invest a lot of time, money, and energy to train their adjusters to settle claims for as little as possible. However, when you don't have enough coverage built into your policy, you make the insurance adjuster's job even easier and end up selling yourself short.

In the next part of the guide we'll go over Georgia's minimum insurance requirements and I can explain why the minimum amount of insurance coverage is not nearly enough.

Chapter 2:

Georgia's Minimum Insurance Laws

Like other states, Georgia has specific laws that govern the mandatory minimum amount of car insurance required for Georgia drivers. While these laws are meant to protect us if we are involved in a car accident, the word “minimum” is misleading.

Sure, these regulations spell out the least amount of insurance you are required to purchase by law, but only purchasing the minimum will not give you the protection you need if a serious car accident occurs.

Just so we're all clear about what we are talking about, Georgia requires that all drivers carry accident liability insurance on every vehicle they own. Georgia is also a tort state which means that someone must and will be found at-fault for every single car accident that occurs, and that it is the insurance of the at-fault party that will be paying out claims to the injured.

The minimum amount of car insurance acceptable under Georgia law is 25/50/25, which translates to:

- **\$25,000 per person for bodily injury;**
- **\$50,000 per accident (if 2 or more people are injured)**
- **\$25,000 per accident for property damage.**

Let's look at those individual numbers to see what they really mean. That \$25,000 for bodily injury is meant to cover you if you are at-fault for the car accident, or the other injured party if you are found at-fault for the accident. That also means if the other driver is found at-fault for your accident, it is their bodily injury coverage that will pay for your damages.

The \$25,000 of bodily injury coverage is meant to account for:

- **Medical bills and expenses;**
- **Lost wages from missed work; and**
- **Pain and suffering.**

Now, let's re-examine that \$25,000 minimum, which is the bodily injury cap for an individual victim or the maximum amount any one person can get if multiple injuries result. Do you think \$25,000 would even begin to cover all of those expenses if you were seriously injured in a car accident? In most cases, your hospital bills would easily exceed that number before you could even begin to look at the amount of time you've missed and may continue to miss from work.

Then you have the \$50,000 minimum per accident. These funds must be shared by everyone injured in the accident, but an individual can only recover up to \$25,000 for themselves. That means if 3 people were seriously injured and the at-fault driver only had this minimum, all 3 victims will be competing for their share of that \$50,000, but no one person could collect more than \$25,000 total.

If that amount of money cannot cover the total amount of expenses for all the injured people in the accident, then those victims can sue the at-fault driver directly, but all that driver has to do is declare bankruptcy and you'll never get a dime.

At this point many people are still not worried because they have health insurance and believe that their health care provider will help cover the medical bills associated with their car accident. Unfortunately this is not true and many health insurance companies will not pay for your medical bills following a car accident under the assumption that your car insurance should cover those expenses.

Suddenly those minimum amounts don't look so comforting, do they? I'm sure your next immediate concern is, "but there is nothing I can do if the *other driver*, the at-fault driver, only has the minimum amount of insurance, so why should I pay for more coverage?" The answer to that is pretty simple: supplemental insurance.

In addition to purchasing more bodily injury and per accident coverage above the Georgia car insurance requirements, there are various types of supplemental insurance you can purchase that can protect you from underinsured/uninsured motorists.

Chapter 3:

Types of Supplemental Car Insurance Available

In addition to the basic car insurance requirements of bodily injury coverage and property damage coverage, there is a myriad of other supplemental insurance you can add to your car insurance policy. While you may not require all of these specific types of supplemental insurance, you should at least be aware of them and what they do so you can make the most informed decision possible regarding your own needs.

Uninsured/Underinsured Motorist Coverage – this type of car insurance is meant to help you recover the compensation you need up to your policy limits when you are injured by a driver without any car insurance or a driver who does not have enough insurance to cover your expenses. This type of insurance is so important that I’ve written an entire chapter about it (you’ll get to that soon).

Medical Payments (Med Pay) – as we went over earlier, your health insurance may not cover your car accident injuries. If you have Med Pay coverage on your car insurance policy, you can use these funds up to your policy limit to pay for your accident-related medical bills.

Comprehensive Coverage – this type of insurance covers car accidents that are the result of God or nature, specifically accidents where another person is not to blame such as a tree limb falling on your car, a flood, or other unexpected and unpredictable acts that can damage your vehicle. This coverage will typically kick in after you meet your deductible but you should always ask your insurance provider to clarify when and how you can use your comprehensive coverage.

Collision Coverage – although Georgia law requires at least \$25,000 in property damage coverage on your car insurance policy, many people drive without car insurance or your vehicle’s damage may exceed the amount available. Collision coverage pays for repairs or the cash value of your car if you are in an accident with another vehicle or a stationary object such as a utility pole or tree. This type of coverage can be really beneficial to people with new or expensive cars. If you don’t actually own your car, you may be required to purchase this type of insurance anyway.

Rental Coverage – just like it sounds, rental coverage will compensate you for a rental car if your vehicle was badly damaged and needs repair after a car accident. However, it may not cover the car insurance required for the rental car itself. You can talk to your agent to find out if your rental insurance will cover the required insurance for your rental vehicle or if you'll need to purchase the coverage through the car rental agency itself.

Non-Owner's Coverage – if you or someone you know doesn't own a car but frequently drives a car, either a friend's/relative's or a rental vehicle, this type of insurance will provide bodily injury and property damage coverage. If that friend is driving your vehicle and they get into a crash but do not have this type of insurance, your policy may not cover the damages.

Gap Insurance – As you probably already know, even when you buy a brand new car, the second you drive that car off the lot it starts losing value. So let's say you financed \$20,000 to buy your new car, but a few weeks later your car is totaled by a careless driver. Even though your car still seems brand new to you, your car's value is now only estimated at \$15,000. If you had purchased Gap insurance you wouldn't have to pay that \$5,000 for a car you no longer own. Gap insurance covers the literal gap between what you paid for your car and its worth if that car is totaled. In Georgia, if the repairs to your vehicle exceed 80% of its value, then your car must be declared totaled by law.

Umbrella – think of umbrella coverage as the insurance for your insurance. You can buy umbrella coverage through your own car insurance company or a completely separate company in really large amounts such as \$1,000,000 and up. This coverage acts as a second policy in case you run out of car insurance under your own policy. Take for example my former client who had over \$600,000 in medical bills but only access to \$100,000 in insurance coverage. An umbrella policy for \$1,000,000 would have been able to supply him with the additional \$500,000 + he needed.

Don't let these big numbers scare you, buying \$1,000,000 worth of umbrella coverage won't actually cost you a \$1,000,000; it's typically around \$300 or less per year, and adding on an additional million dollars in coverage may cost as little as \$75 or \$100 more.

Chapter 4:

Uninsured and Underinsured Motorist Coverage

One of the best things you can do to protect yourself and your family in the event you are seriously or permanently injured in a car accident is to purchase uninsured/underinsured motorist coverage through your car insurance policy.

Unlike other states that require this type of insurance coverage, you do not have to purchase uninsured motorist protection in Georgia, but there are several important reasons why you should.

The purpose of uninsured/underinsured motorist coverage is to help you recover the compensation you need after a car accident if you are injured by a driver without any car insurance or a driver with insufficient car insurance. As we saw in the examples in Chapter 1, even a driver who meets Georgia's minimum car insurance requirements is still likely underinsured when a serious car accident occurs.

By adding this coverage to your own car insurance policy, you are basically setting up emergency funds that can kick in when an accident leaves you with little financial recourse through the at-fault driver's insurance (or lack thereof).

If you are going to add this type of insurance you have to purchase limits equal to or more than your policy. So if you had \$25,000 worth of bodily injury coverage, you couldn't buy \$15,000 in uninsured motorist coverage, you'd have to buy \$25,000 or more. If you are extending this coverage to multiple vehicles, each car must have the same amount of uninsured motorist coverage.

You can purchase uninsured/underinsured motorist coverage just to cover bodily injury, or a combination that would cover bodily injury and property damage (damage to your vehicle and other property).

So let's say for example that you were injured by a driver with no car insurance but sustained \$25,000 worth of accident-related bills and expenses. If you had \$25,000 of uninsured motorist coverage on your car insurance policy, your own insurance company can pay you that \$25,000.

Uninsured/Underinsured Coverage Since 2009: Add-On/Stacked Coverage

The rules surrounding how uninsured/underinsured motorist works in Georgia were significantly changed in 2009 due to a new law. This is typically referred to as Add-On or stacked coverage.

Under the traditional way this type of insurance was handled—and still is if you signed the opt-out form provided by your insurance company—was that your uninsured motorist coverage could only pay up to the difference between the at-fault driver’s liability coverage and your uninsured motorist coverage.

The post-2009 or new version of uninsured motorist coverage will provide coverage over and above the limits of the at-fault driver’s policy, which is why it’s referred to as “add-on” coverage. While the traditional version of uninsured motorist coverage is less expensive, it provides much less protection.

I know this still sounds a bit confusing, so here are some examples to illustrate the difference.

An Accident under the Traditional Uninsured Motorist Coverage Model

Let’s say that you were in a car accident that resulted in damages equaling \$150,000. The driver who is at-fault only has \$50,000 in liability coverage, but you also have \$100,000 in uninsured motorist coverage.

Since the traditional model does not allow you to use that additional coverage, you could only recover \$100,000 total, the \$50,000 from the other driver’s policy and \$50,000 from your own since your uninsured motorist coverage can only cover *the difference* between the at-fault driver’s policy and yours.

In this situation, even though you have \$100,000 in uninsured motorist insurance, you can’t use it to its full extent. Clearly it is better than having no extra coverage at all, but at the end of the day you are still short \$50,000.

“Stacking” Your Household’s Car Insurance Policies

Many Georgia car accident victims are unaware of the ability to “stack” their household’s car insurance policies in order to achieve maximum protection.

In other words, if you live in a household with a relative or multiple relatives who have car insurance policies, you can make an additional claim through their insurers to increase your coverage.

So, if we continue with the accident example above in which you are \$50,000 short in coverage and add that your son lives in your household and has \$100,000 in uninsured motorist coverage, you can potentially increase your insurance coverage to \$200,000 by making an additional claim through his insurer. This is an example of “stacking policies”.

An Accident under the New Uninsured Motorist Coverage Model

For a fair comparison, let’s stick with the same numbers as the example used above. Since the new version of uninsured motorist coverage lets you add-on your coverage to the other driver’s coverage, you would get the at-fault driver’s \$50,000 and your entire \$100,000 limit to equal the \$150,000 you actually need. As you can see, the new version is a much better deal and will go a lot farther in adequately protecting you after a car crash.

So when purchasing uninsured motorist coverage for your vehicle, make sure you know exactly what version of the coverage you are signing up for.

Chapter 5:

The Myth of Full Coverage

I meet a lot of people, including potential clients, who believe they've purchased "full coverage" car insurance. The truth is, there is no legal definition for full coverage, so it's actually a complete misnomer that means something different to everybody.

Some people believe adhering to Georgia's minimum insurance requirements mean that they have full coverage. Other people believe that purchasing uninsured motorist coverage or an umbrella policy means they are fully covered. Some people even ask for full coverage from their insurance agent, which also probably means something different to them.

The point is, the idea of full coverage is misleading because there is no set definition for what full coverage actually covers. Chances are that you're not going to need every type of supplemental insurance that we've covered in this guide, but it is up to you to make sure you buy enough car insurance to protect yourself as much as you can based on what you can afford.

Supplemental insurance like uninsured motorist coverage or Med Pay is a great deal for consumers like you, but a bad one for the insurance company since your premiums will be a lot lower than the potential payouts. This is why insurance agents either don't even bring up this type of coverage or fail to really explain the benefits to you. However they do exist and they are often a lot less money than you think, especially when you consider the alternative costs of a serious accident.

So the next time someone asks you, or you ask yourself, about being fully covered, I hope you'll remember what you've learned in this guide.

Chapter 6:

How a Personal Injury Attorney Can Help

We've covered a lot about car insurance in this guide, but insurance is just one component in the often complicated injury claims process. While insurance can dictate the most amount of compensation you could recover, it doesn't mean that the insurance company is just going to hand over that money without a fight.

As a former insurance adjuster myself, I can tell you that the last thing the insurance company wants to do is pay you the full value of your claim. In order to get a fair settlement, you need to be well versed in the typical tricks and tactics that the insurance adjuster will use to try and get you to damage your own claim.

They may try to sound like your buddy, ask you about your family, your hobbies, and so on, but what they really want is to get you to admit something they can then twist and use against you.

Having a personal injury lawyer on your side can help you protect your rights when dealing with the insurance company, which will have a team of attorneys looking out for their best interests, not yours. Your attorney can help with every step of your claim from identifying all the potentially liable parties, to handling communication with the insurance company for you, to analyzing the evidence and even calling in experts when necessary.

People who work outside of the law or the insurance industry typically don't understand the complexities of filing and defending a personal injury claim. That's ok, you don't have to be an expert; however, working with an experienced legal professional can help make sure your injury claim is filed correctly and on time. They can also help determine if a settlement offer will adequately address your present and future car accident expenses, and negotiate with the insurance company for you—up to the limits of the available insurance, of course.

While minor injuries and property damage won't require a lawyer's intervention in most cases, car accidents that result in serious or permanent injuries are too important to leave in the hands of an insurance company that doesn't want to pay you what you deserve. Speaking to a lawyer or even several lawyers after a serious car accident can at least give you the tools to decide what you should do based on your specific situation.