



# **Auto Policy Overview: Required and Optional Coverages in Oregon**

**TK Keen, Acting Deputy Administrator  
Eric Cutler, Rates and Forms Manager  
Oregon Insurance Division  
Feb. 26, 2015**

# Four Required Auto Coverages

- BI: Bodily Injury (required by Oregon Vehicle Code)
- PD: Property Damage (required by Oregon Vehicle Code)
- PIP: Personal Injury Protection (required by Oregon Insurance Code)
- UM/UIM: Uninsured Motorist/Underinsured Motorist (required by Oregon Insurance Code)

# Bodily Injury and Property Damage

- Make up the core of a policy
- Cover accidents involving injuries to others
- Cover damage to property owned by others
- Minimum coverage levels are set by law
- You choose your coverage level when you buy the policy

# Bodily Injury Minimum Limits

- Covers injury to others
- Minimum coverage levels
  - \$25,000 per person (ORS 806.070)
  - \$50,000 per accident (ORS 806.070)
- Covers legal fees if sued. Legal fees paid over and above policy limits.

# Property Damage

- Covers damage to others' property
- Minimum coverage level: \$20,000 per accident (ORS 806.070)

# Personal Injury Protection (PIP)

- OR's version of no-fault insurance coverage
- Covers “reasonable and necessary” medical services, regardless of who caused the accident
- Minimum coverage level: \$15,000
- PIP is primary over health insurance coverage (federal law/could jeopardize federal funds)

# PIP Additional Coverage

- **Loss of Earnings:** If insured's injury prevents them from returning to work. Maximum of \$3,000 a month for 52 weeks.
- **Essential Services:** If insureds are not employed. Up to \$30 a day for 52 weeks.
- **Funeral Expenses:** Maximum of \$5,000.
- **Child Care:** If insured is a parent and hospitalized for at least 24 hours. \$25 per day up to \$750.

# Uninsured Motorist (UM) and Underinsured Motorist (UIM)

- Coverage for bodily injury to you and your passengers caused by uninsured or underinsured driver
- Minimum coverage (ORS 742.500):
  - \$25,000 per person
  - \$50,000 per accident
- Your insurance company pays all expenses normally paid by the at-fault person's company



# UM/UIM Benefits

- Uninsured motorist coverage identical in coverage level as your bodily injury liability unless insured elects lower limits (but still must meet minimum requirements)
- Underinsured motorist coverage level must be equal to uninsured motorist coverage level
- Benefits paid to an insured at an amount equal to uninsured motorist coverage less amount recovered from the auto liability policy of at-fault party

# Stacking Underinsured Motorist Coverage

- Concept that differs from current law
- Instead of paying the *difference* between your coverage and the coverage of the at-fault driver, your underinsured benefits would *stack* on top of the bodily injury coverage of the at-fault driver

# Comprehensive and Collision Coverage (Optional)

- “Full coverage”
- Collision: Pays for repairs if insured is hit or get hit by another vehicle or object
- Comprehensive: Pays for damage caused by an event other than a collision (e.g., fire, theft)
- Insured pays a deductible and the rest is covered
- Not required by law, but may be required by lender

# Guaranteed Asset Protection (GAP)

- Loan/lease payoff insurance
- Pays difference between the actual cash value (ACV) and the balance of your loan/lease in the event of a total loss
- Needed only if you have negative equity in your vehicle

# Coordination of Auto and Health Benefits

- Auto and health insurers can establish a lien against any recovery for noneconomic damages that the insured receives from the at-fault driver
- The lien is limited by the expenses, costs, and attorney fees incurred by the injured person

# Proof of Insurance

- Valid insurance card
- Current motor vehicle liability insurance policy or binder
- Letter signed by an authorized agent or insurance company on official letterhead
- DMV Certificate of Self-Insurance or a displayed Oregon auto dealer license plate



Questions?