

Consumer Guide to Illinois Auto Insurance

Provided by:

www.IllinoisInsuranceZone.com

What Every Illinois Driver Should Know About Illinois Car Insurance Laws and
Illinois Auto Insurance Regulations

Who Needs Illinois Auto Insurance

Automobile insurance protects you from financial losses such as vehicle repairs, medical bills, and legal services that could result from an auto accident.

Illinois law (625 ILCS 5/7-601) requires all motor vehicle owners to have minimum amounts of auto liability insurance. In addition, lending institutions may require physical damage insurance to protect their interest in a financed vehicle.

Helpful Tips When Shopping For Insurance

- **Find a reliable company.** Contact the Division of Insurance to find out if a company is **licensed** in Illinois. Unlicensed companies are not required to comply with state insurance laws or participate in the Insurance Guaranty Fund which protects policyholders if a company goes bankrupt. Check a company's **complaint ratio**. Our website lists complaint information for all companies with ten or more auto insurance complaints. Check a company's **financial stability** to ensure that it can pay its claims. Refer to our fact sheet Finding a Reputable Insurance Company - Using Financial Rating Agencies for assistance.
- **Find a reliable agent.** Some companies sell through local agents and some through direct marketing or group plans. If you wish to buy insurance from an agent, look in the yellow pages or ask people you know and respect for their recommendations. Look for a licensed agent (insurance producer) who is reliable and helpful in answering any your questions. You can verify an agent's licensing status by contacting the Department or visiting the Producer Licensing Record of the Producer Information section on our website.
- **Shop carefully.** Insurance is expensive. You should shop around for the best product at the best price. The key to comparison-shopping is to determine what coverage you need, how much of it you need and what it will cost. Obtain more than one estimate or quote. Do not be rushed into buying a policy by high-pressure sales tactics. Do not be misled by advertising or buy a policy simply because it is endorsed on television, radio, in newspapers or other advertisements by famous people.
- **Understand what you are buying.** Ask for a detailed explanation in layman's terms. Don't accept calculations or examples you don't understand. Remember, if it sounds too good to be true, it probably is.

- **Fill out your application completely and accurately.** It is important to give correct and complete answers when applying for insurance. If you omit or misrepresent information, the company can void the contract.
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Required Auto Insurance Coverages

- **Liability Coverage** - Pays for bodily injury to another person or property damage you cause due to the negligent operation of a vehicle. It may also pay if the accident was caused by a member of your family living with you or a person using your vehicle with your permission. The coverage may also pay for a legal defense if you're sued because of the accident. Liability coverage is often split into two separate coverages:
 1. **Bodily Injury (BI)** - Pays for costs due to injury or death to a pedestrian(s) or person(s) in another car. It may also cover your passengers' injury costs as long as they aren't members of your household. **Illinois law** (625 ILCS 5/7-203) **requires** BI limits of at least \$20,000 per person per accident and \$40,000 total per accident.
 2. **Property Damage (PD)** - Pays for damage to another person's car or property such as fences, buildings, utility poles, signs, and trees. **Illinois law** (625 ILCS 5/7-203) **requires** PD liability limits of at least \$15,000 per accident.

Note: You may want to consider buying higher limits because the state minimums may not be enough to fully protect you from lawsuits. Many vehicles today are worth more than \$15,000 and medical bills for injuries could easily exceed \$20,000 for one person. If you are found negligent in an accident and the damages exceed your insurance limits, you can be sued in court for those amounts not covered by your insurance.

- **Uninsured Motorist Bodily Injury Coverage (UM)** - Covers you for your bodily injury caused by a hit-and-run driver or an at-fault driver who has no auto liability insurance. Currently, **Illinois law** (215 ILCS 5/143a) **requires** uninsured motorist limits of \$20,000 per person and \$40,000 per accident. For additional premium, you may buy higher limits to pay for claims that exceed those amounts.
- **Underinsured Motorist Bodily Injury Insurance (UIM)** - Pays the difference between your UIM limits and the liability limits of the at-fault driver, if lower than your UIM limits. **Illinois law** (215 ILCS 5/143a-2) **requires** this type of coverage if you purchase higher limits of uninsured motorist bodily injury coverage (UM).

Other Coverages That May Be Required

- **Physical Damage** - Pays for damage to your auto. You may have to pay for part of the loss, called a deductible. Deductibles can range from \$0 to \$1,000. Illinois law doesn't require physical damage coverage, but your lender may. Depending on the value of your car, you may decide the cost of physical damage coverage is not worth it. Physical damage is split into two separate coverages:
 1. **Collision coverage** - Pays for damage caused by an accident with another car or fixed object (such as a tree).
 2. **Comprehensive coverage** - Pays for damage caused from most other causes, such as theft, fire, hail, etc.

Optional Coverages for Additional Premium

In addition to the required coverages, you can buy optional coverages for extra premium.

- **Accidental Death Benefit** - Pays a death benefit if the insured dies because of an auto accident.
- **Custom/Non-Factory Equipment** - Covers customized features found in conversion vans, as well as tape decks, CD players, CB radios, cellular phones, etc. added after the vehicle left the factory.
- **Gap Coverage for Leased or Financed Vehicles** - Pays the difference between your vehicle's actual cash value and what you still owe on your loan or lease.
- **Medical Payments** - Covers medical and funeral expenses for you or your passengers if injured or killed in an accident in your vehicle. It also covers you and your family members if struck by a vehicle while walking or while riding in another vehicle. This coverage pays even if you cause the accident.
- **Physical Damage/Repair/Replace Coverage** - Pays for a new vehicle if the cost to repair your vehicle is more than the value of a new car. The endorsement is usually available only during the first three model years.

- **Rental Reimbursement** - Pays a specific amount per day (e.g. \$15) to rent a vehicle while yours is being repaired due to a covered loss.
 - **Towing** - Pays all or part of the cost to tow your disabled vehicle to a repair shop.
 - **Uninsured Motorist Property Damage (UMPD)** - Covers damage to your vehicle caused by an identified, at-fault, uninsured driver. If you don't have collision coverage, this coverage is available for a maximum of \$15,000 and subject to a \$250 deductible.
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Factors That May Affect The Premium

Rating factors are characteristics that place you in a group of drivers with similar risk-related characteristics. Companies set a rate for each group based on the claims paid for the people in that group.

Hundreds of companies sell insurance in Illinois and prices can vary greatly. Some factors companies use to set the cost include:

- **Age, gender, and marital status** - Statistics show certain groups of drivers (for example, young unmarried males) have more accidents. A higher chance of loss means more premium.
- **Coverage limits** - The more insurance you buy, the higher the premium will be.
- **Driving record** - Drivers with accidents and tickets usually pay higher premiums than those with good driving records.
- **Household driving information** - The ages and driving records of other drivers in your household may affect the premium. Most auto insurance policies cover family members while driving your car. You may jeopardize your coverage if you withhold this information.
- **Location** - Since heavily populated areas have more traffic, thefts, and vandalism, city drivers may pay higher premiums than rural drivers.
- **Type of vehicle** - Certain vehicles cost more to insure because they're more likely to be damaged in an accident, cost more to repair, or are frequently stolen.
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- **Use of vehicle, how far you drive to work, and annual mileage** - Drivers who commute long distances or drive more miles per year may pay more than those who commute shorter distances and drive fewer miles per year.
 - **Credit history** - Companies may consider your financial stability and charge higher premiums based on your financial status (i.e., credit card history, amount of credit, how timely you pay your bills, etc.).
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Discounts That May be Available

- **Anti-theft devices** - Given on your comprehensive coverage for devices that deter theft or vandalism.
 - **Auto/home packages** - Given if you buy your auto and homeowners policies from the same company.
 - **Car pool** - Offered to those in a shared-vehicle car pool.
 - **College student away from home** - For college students who attend school over 100 miles away from home if no vehicle is taken along.
 - **Defensive driver** - Given to drivers over the age of 55 who have passed an approved defensive driving course.
 - **Good driver** - For policyholders who maintain good driving records.
 - **Good student** - Offered to young drivers who maintain a "B" average or better.
 - **Low annual mileage** - For vehicles operated less than a given number of miles per year, usually 7,500.
 - **Mature driver credit** - Offered to drivers over a certain age, usually 50.
 - **Multiple vehicles** - Given when the same company insures more than one vehicle in your household.
 - **Safety devices** - Offered for such items as air bags, automatic seatbelts, and anti-lock brakes.
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Ways to Lower Your Insurance Costs

- **Ask about discounts.** The type and amount of discounts offered may vary by company. Some discounts affect a portion of your coverage; other discounts may affect the entire premium.
 - **Take the highest deductible you can afford.** If you raise your deductible, you may be able to significantly lower the price of coverage; but you will pay more out of pocket each time you have a claim.
 - **Consolidate your insurance needs.** If you have a need for more than one type of insurance, you may be able to obtain a discount by having all your insurance serviced by one insurance provider.
 - **Maintain a good driving record.** Moving violations and accidents may result in higher premiums. Be a law-abiding and defensive driver.
 - **Choose your vehicle carefully.** Some vehicles are more costly to insure than others. Contact your insurance producer or company before you make a final decision.
 - **Keep a good credit history.** Many companies are now looking at your credit information and may charge higher premiums for those with less than perfect credit profiles.
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Getting Rate Quotes

When comparing prices among companies, be sure to compare the same coverages, and ask about the types and amounts of discounts offered.

A rate quote from an insurance producer is only an estimate of what the insurance will cost. If the producer quotes the premium incorrectly, the correct amount figured by the insurance company is the price you will actually be required to pay. Therefore, before you switch companies, ask the new producer to submit a **non-bound** application for you.

With a **non-bound** application, there is no coverage and you pay **no money**. The producer submits the application to the company and the company lets you know whether you will be accepted and at what price before canceling your current policy.

If You Can't Find Auto Insurance

If you cannot find auto insurance through normal insurance markets because of your driving record or the type of vehicle you own talk to your insurance producer about the Illinois Automobile Insurance Plan . To qualify for auto insurance through the Plan, you must meet four requirements:

1. You must be turned down for auto insurance from other insurance companies.
2. You must have a valid driver's license or be eligible to apply for one.
3. You must not owe an outstanding premium for prior insurance coverage during the past 36 months.
4. Your vehicle must be safe to drive.

The premiums may be higher than premiums of companies in the normal insurance markets. However, if you maintain a good driving record while in the Plan, you should be able to eventually return to a standard company.

For More Information

Call our Consumer Services Section at (312) 814-2427 or our Consumer Assistance Hotline Toll Free at (866) 445-5364 or visit us on our website at www.idfpr.com
