

Understanding The Standard Massachusetts Automobile Insurance Policy

By Attorney Steven T. Snow

Each year automobile owners in Massachusetts receive a document disclosing the extent of their coverage from their automobile insurance company. This document is the Coverage Selections Page and recites an insurance company's contractual obligations to the policy holder.

It is a violation of Massachusetts law to operate an uninsured automobile and insurance premiums must be paid on time or coverage will be cancelled. Most people understand this but are more concerned with premium costs than with the types of insurance coverage available and assume that they have "full coverage."

However, many people have yet to read their insurance policy and therefore, do not understand the allocation of risk that they have assumed at the time coverage is purchased. This article will discuss some of the types of insurance coverage listed in the Coverage Selections Page and provide a common sense insight into their meaning and practical application.

Massachusetts law requires automobile owners to purchase compulsory insurance in order to register their automobile. This coverage includes the items listed in lines one through four.

Optional coverage, not required by law, includes the items listed in lines five through twelve. (See Illustration) The decision to purchase optional coverage will increase the annual premium charged for your automobile insurance.

Automobile insurance policies provide protection to you in the event of an accident. Accidents happen for a variety of reasons and can happen to anyone including, an operator, a passenger, a pedestrian, you or to a member of your household. Accidents range from minor "fender benders" to head-on collisions and can involve serious injury.

In the worst-case scenario, a driver strikes a child who has run into the street at the precise moment when the driver is distracted or preoccupied. Optional bodily injury coverage, line five (5), will afford coverage up to the limit that you have purchased. If you have purchased the maximum coverage available, generally (\$250,000/\$500,000) you can purchase an excess policy.

An excess or umbrella policy is a separate policy that is sold in million (\$1,000,000) dollar increments at reasonable rates. This policy provides additional coverage beyond optional bodily injury to others or the liability limits of your automobile insurance policy. This is a must for anyone who has equity in real property, assets or income, because your assets can be attached to satisfy judgment entered against you.

Realize that you may be held liable under a theory of the negligent entrustment, if you loan your car to a friend or family member who causes an accident.

An accident with an uninsured driver or with a driver that does not have enough liability insurance is a possibility that every automobile owner must consider. In this instance, you would be covered under your automobile policy, bodily injury caused by an uninsured automobile or bodily injury caused by an underinsured automobile, lines three and twelve up to the limit of the optional coverage that you purchased.

Medical expenses are a component of any automobile accident that involves injury. Most people assume that their private health insurance will pay for these expenses. However, your health insurance company is entitled to be reimbursed from any recovery received from a negligent third party.

In order to prevent this or if you do not have health insurance, purchase medical payments coverage, line six. This coverage is sold in five (\$5,000) thousand dollar increments and is an inexpensive option available to you. Also, this may allow you to use personal injury protection benefits for payment of lost wages up to eight thousand (\$8,000) dollars. Every automobile owner should have this coverage.

Medical payments, bodily injury caused by an uninsured or by an underinsured automobile will provide coverage to you and to your household members traveling in your car. You and your household members are also covered when traveling as passengers in someone else's car or as pedestrians. You should purchase equal amounts of optional coverage for bodily injury to others, bodily injury caused by an uninsured automobile or bodily injury caused by an underinsured automobile.

The next time you receive your Coverage Selections Page, contact your insurance agent and ask for an explanation of your policy. It is important to understand the allocation of risk assumed at the time coverage is purchased.

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