



# Auto Insurance Guide

**mi** COMMERCE  
DEPARTMENT

If you own a vehicle that is licensed in Minnesota, state law requires that you have specific amounts of auto insurance coverage.

The proper coverage can also protect your assets from the financial costs of an accident. It can help to cover repairs, medical bills and expenses you incur if you are at fault for damaging another person's property.

You will also likely need a specific level of insurance coverage if you have a car loan. Lenders typically require that you have coverage to protect their financial interest in the vehicle. If you don't get insurance or your coverage lapses, the lender will purchase a policy for the vehicle that will likely be more expensive.

**Auto Insurance is Your **Safety Net****

**Auto Insurance Is **Required****

All vehicles licensed in Minnesota are required to have the following types of insurance:

# Minimum Coverage

## Personal Injury Protection (PIP)

provides basic economic loss benefits. If you are injured in an accident, this portion of your policy will pay you and the members of your household (within the stated limits) for medical or funeral expenses, lost wages and replacement services.

Required amount of coverage: \$40,000 (per person, per accident)

## Liability

helps cover injury and property damage expenses that occur when you are deemed at-fault in an accident.

Required amount of coverage: \$30,000 (injuries to one person) , \$60,000 (injuries to 2+ people) , \$10,000 (physical damage to other vehicle or property)

## Uninsured

pays for your medical expenses after you have exhausted your PIP benefits and when the other driver is held responsible for the accident but does not have insurance.

Required amount of coverage: \$25,000 (injuries to one person), \$50,000 (injuries to 2+ people)

## Underinsured

pays for medical claims of people covered by your policy. These benefits are in addition to your PIP benefits and are used when the other driver is held responsible for the accident and does not have enough liability coverage to cover your medical claims.

Required amount of coverage: \$25,000 (injuries to one person) \$50,000 (injuries to 2+ people)

## Fault in Minnesota

Minnesota is a no-fault state, meaning that drivers who have been injured in a car accident in Minnesota can get compensation under their own insurance policy regardless of who was “at fault” for the accident.

No-fault coverage applies only to expenses resulting from injuries sustained in an accident, not property damage. It is the Personal Injury Protection (PIP) on your insurance policy.

Claims are first made on your own PIP. If expenses amount to higher than the PIP limit on your policy, or if you attain specified thresholds, you may make a claim against the other driver’s liability coverage if the other driver is found to be liable. No-fault claims must be made within six months of the accident.



## Who is covered under my insurance?

You are covered by the policy in your name. Any resident living in your home who does not have a policy of their own is also covered by your policy. This includes a spouse, adult children riding with you, or a minor in your custody or the custody of a relative.

If your friend borrows your car and has an accident, and they have their own auto insurance policy, their injuries will be covered under that policy. If not, the PIP coverage will be paid from your policy.

If your policy has comprehensive and collision coverage, your car will always be covered under your own policy. Under certain circumstances, however, the policy covering the other vehicle may pay for damage to your car. Check your policy under the definition of “your covered auto.”



# Optional Coverage

## Collision

covers damage to your vehicle when you are involved in an accident with another vehicle or object.

## Comprehensive

covers a loss that is not the result of a collision. This usually includes fire, theft, hail or an accident involving a deer.

## Rental Cars

are insured automatically by your policy for \$35,000 of liability coverage by Minnesota law, so it is not necessary to purchase additional coverage.

## Additional coverage

may include full glass replacement, towing and the use of a rental car when your car is unavailable.

## Motorcycles and ATVs

Minnesota state law requires motorcycles to have:

- Liability Insurance
- Underinsured Coverage
- Uninsured Coverage

PIP is NOT required for motorcyclists in Minnesota. ATVs are not covered by standard auto insurance policies; however, your homeowner's policy might partially cover liability on an ATV. Be sure to ask your insurance agent or company for more information.

# Shopping for a Policy

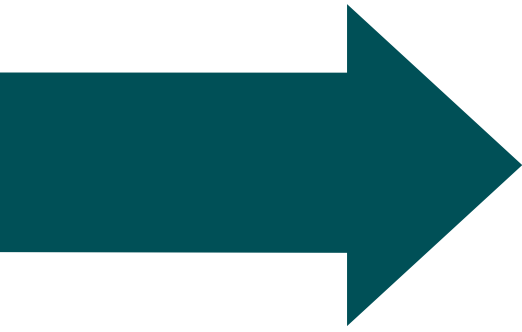
Contact several agents and compare rates. Agents selling insurance in Minnesota must be licensed by the Commerce Department. Use the License Lookup tool at [mn.gov/commerce](https://mn.gov/commerce) to verify the agent is licensed or call the Consumer Services Center at 651-539-1600 or 800-657-3602 (Greater Minnesota only).

Ask about surcharges and discounts. Rates that seem low at first may change dramatically when surcharges are applied. Many insurance providers also offer discounts for things like car alarms, a clean driving record and purchasing other types of insurance from the same company.

Older vehicles aren't necessarily less expensive to insure. But it may not make sense to keep collision or comprehensive coverage on lower value cars because the insurance costs could exceed anything you get back on a claim.

Consider asking for higher deductibles to lower your premiums. For example, increasing your deductible from \$200 to \$500 could reduce your collision and comprehensive coverage premium by 15 to 30 percent.





## What Affects Policy Cost?

### Discounts and Surcharges

Many insurance companies offer discounts – if you take defensive driving classes, or if you equip your vehicle with an anti-theft device, for example. They may also attach additional charges to your surcharge disclosure statement. Be sure to ask your agent.

### Deductibles

Some types of coverage in your policy have a deductible — which is the amount you pay first, before your insurance company pays, on a covered loss. The higher the deductible, the lower your premium.

### Type of Vehicle

Insurance companies charge more for physical damage coverage on vehicles that cost more to repair or replace.

### Mileage

You may pay more for coverage if you drive a lot (because the more you drive, the more likely you are to get in an accident).

### Demographic Factors

Insurance companies are able to charge “high risk” groups such as teenagers and older adults more for coverage.

### Added Coverage

Adding additional coverage options such as full glass replacement or towing will affect the cost of your policy.

### Where You Live

If you live in an area with more traffic, you have a greater chance of an accident and therefore will pay more for coverage.

### Driving Record

You will be rated according to the number of traffic accidents and tickets you have received over a period of years. More incidents will increase your premium.

# Termination of Policy

## Cancellation

After the first 59 days, an insurance company cannot cancel a policy during the policy term except for the reasons listed below. These reasons can also be used to decline renewal of a policy at the end of the policy period.

- Nonpayment of a premium
- The policy was obtained through a misrepresentation
- The policy holder knowingly made a false or fraudulent claim or aided another in presenting a false claim
- The insured fails to disclose accidents or traffic violations within 36 months of the event, or to disclose any requested information on the written application that would affect acceptance or the risk rating
- The policy holder fails to disclose that they are part of a lawsuit or refuses to cooperate in a claim investigation
- Failure to identify another person in the household who would be insured under the same policy
- The policy holder has health problems such as epilepsy or heart attacks and does not provide a physician's written opinion that despite these problems, the insured can safely operate an automobile
- The insured vehicle is so defective that its operation might endanger public safety or it is used for particular purposes that increase risk.

## Nonrenewal

A nonrenewal notice may be sent to the insured 60 days before the end of the policy term using one or more of the reasons listed in the Grounds for Nonrenewal as stated in Minnesota Statutes and Rules. Two common reasons used for nonrenewal are:

- The use of the Point System as designated by Minnesota Rules. Points are assigned based on auto violations or accidents, and a total of two points acquired by a policy holder on a single vehicle is grounds for nonrenewal.
- The termination of an insurance company's contract with an agent. The company can drop the policies carried by that agent, except in the case of drivers 65 or older. These drivers must be informed that they have the right to continue their policy.



By state law, an insurance company cannot use the following items as risk-determining factors in determining your policy:

- Employment status
- Status as a tenant
- Not having a previous auto insurance policy (unless the person was legally required to have one)

An automobile accident can happen at anytime, anywhere, and it can be a stressful experience. Your first concern is your safety, but you will need to get information from other drivers to file a claim. Remain calm and be courteous – and do not admit fault.

# Filing a Claim

Write down the contact information for any other drivers involved, make and model of the vehicle; their insurance company, policy and license plate numbers. Also record the name, address and phone number of any independent witness to the accident.

Call the police, even if the accident is minor. If they don't come to the scene of the accident, call back and ask how to file an incident report. Also notify your insurance company.

Document the damage. Take pictures if possible. You can use the Wreck Check app for iPhone and Android to help you cover each step you need to take when you have an accident.

Get an estimate for repairs. Your insurance company cannot require you to have your vehicle repaired at a specific shop, but it may require you to get more than one estimate.

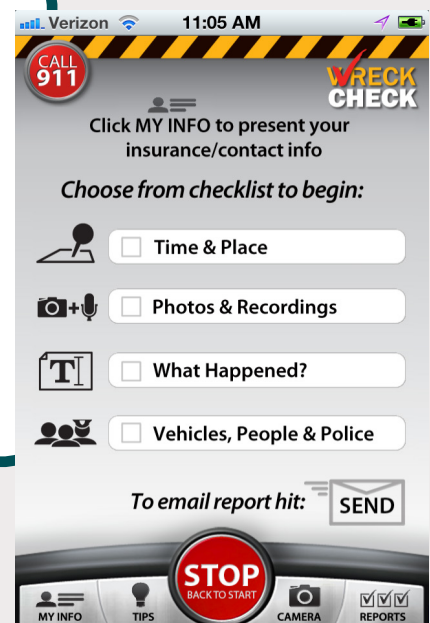
While you can take the car to a shop of your choice, if you are required to get more than one estimate and the shop of your choice is not the lowest bidder, you may be responsible for paying the difference.

If the insurance company requires more than two estimates, it must reimburse you for the cost (if any) of any additional estimates.

## WreckCheck App

The National Association of Insurance Commissioner has developed WreckCheck, a free mobile app for iPhone and Android smartphones. The app outlines what to do immediately following an accident, and walks you through a step-by-step process to create an accident report. The app directs you to capture photos and helps document and share only what is necessary to file an insurance claim. You can even email completed reports to yourself and your insurance agent.

No smartphone? NAIC offers a printable accident checklist and tips for staying calm, safe and smart on the road.



## Arrange for repairs

If parts are being replaced on your damaged vehicle, your insurance company is required to pay for original equipment (OE) parts, unless you agree to after-market parts (parts not made by your vehicle's manufacturer). Keep in mind that your insurance company is only responsible for restoring your vehicle to the way it was before it was damaged. If your vehicle was not new at the time of the loss, the insurer does not have to pay for new OE parts. They must pay for parts of like kind and quality (OE parts of comparable age and condition). If you request new OE parts on an older vehicle, you may have to pay the difference.

## Settle your claim

Your insurance company **MUST** settle your claim in one of the following ways:

1. Assume all costs to repair your vehicle damages sustained in the accident, or
2. Give you a cash settlement if your vehicle is deemed a total loss by the company.

If you believe your insurance company has failed to satisfy these requirements, start by contacting the adjuster assigned to your claim or their supervisor.

If you still can't resolve an issue with your insurance company after working with your adjuster, you can contact the Minnesota Department of Commerce Consumer Services Center at:

**Phone:** (651) 539-1600 or (800) 657-3602 (Greater Minnesota)

**Email:** [consumer.protection@state.mn.us](mailto:consumer.protection@state.mn.us)

**Address:** Minnesota Department of Commerce  
85 7th Place East, Suite 280, Saint Paul, MN 55101

**Web:** File a complaint online with our digital form: <http://mn.gov/commerce/consumers/file-a-complaint/>

You may be asked to file a formal complaint with the Consumer Services Center and should be prepared to do the following:

- Write, in your own words, the details of the dispute.
- Provide important details such as policy and claim numbers, what was said, time and date etc.
- Provide copies of relevant documents.
- Include your phone number and return address.

You can reach a Consumer Services Center representative between the hours of 8:00 am to 4:30 pm, Monday through Friday.

# Questions about Settlements

## How long will I have to wait for an inspection?

If your vehicle cannot be safely driven, the insurance company must inspect the vehicle within five business days after you notify them of the claim. If your vehicle can be safely driven, the company must complete the inspection within 15 days after you notify them of your claim.

## Can the repair shop I select adjust its estimates and charges to absorb the deductible required by my insurance company?

No. The repair shop cannot change the costs of repairs to help you pay your deductible. Misrepresenting the cost of repairs is fraud.

## How is the fair market value of my totaled vehicle determined?

When an insurance company “totals” your car, the company must pay you what the car was worth before the accident occurred. This amount is called the fair market value and includes adjustments for the vehicle’s features, mileage and prior damage.

Evaluation of your vehicle’s value must be done in accordance with the Minnesota Fair Claims Settlement Act. You can ask to see the evaluation and ask how the fair market value was determined.

If this information is not provided at your request, or if you believe it does not comply with Minnesota law, you should contact the Commerce Department’s Consumer Services Center.

You can do your own research by checking with dealers or classified ads and other sources to gather your own information on your vehicle’s fair market value to compare with the value provided by the insurance company. You have the right to negotiate with the company if you believe your car was worth more than what it offered.

## **Can I buy back my totaled vehicle?**

It depends. Once the insurance company has paid you the fair market value for your vehicle, the company owns the vehicle. The company can then decide whether to sell the car back to you or not. If the company does sell it back to you, it can determine the price.

## **Can I seek reimbursement for a rental car if my car is non-drivable or in the shop?**

Yes, if you have purchased rental car coverage as part of your policy and it is in force on the day of the accident, or if the other driver's insurance company has accepted liability for the accident.

## **Should I use my own insurance?**

There is not one right answer for this. Some people feel that if they file a claim with their own insurance company, even though they believe the other party is at fault, the claim will be settled quicker than if they deal with the other party's insurer.

In reality, it may not work that way. If you filed the claim with your own company, and it is determined that the other party was most or completely at fault, your insurer may transfer or "subrogate" the claim with the other party's insurance company to reimburse itself for the amount it paid to you for your claim.

The downside to this is that there is no requirement, either by law or in your policy, that your insurance company must subrogate your claim. If your company decides not to subrogate your claim, it may be able to surcharge your policy for the amount it paid out to you. There is also no required time frame for the subrogated claims process, so it may take months for your insurance company to get reimbursed and to return your deductible to you.

# Understanding Your Declarations Page

## Your Insurance Company

**1** Policy: XX-XXXXXX-XX  
 Policy Period:                      Effective Date:                      Expiration Date:

### Auto Insurance Policy

Year	Make	Model	Vehicle ID Number (VIN)
XXXX	XXXXXX	XXXXXX	XXXXXXXXXXXXXXXXXX

#### Coverages

Liability: Bodily Injury  
 Liability: Property Damage  
 Uninsured Motorist

**2** **Legal Policy Limits**  
 \$100,000 per person  
 \$300,000 per accident  
 \$100,000 per accident  
 \$100,000 per person

**3** **Discounts Applied**  
 Multiple Vehicle  
 Multiple Policies  
 Accident-free  
 Good student

<b>4</b> <b>Optional Coverage</b>	<b>Policy Limits</b>
Road Assistance	\$100 per occurrence
Rental care reimbursement	\$30 per day \$1,000 maximum

**5** **Total Premium**  
 \$640

- 1** **Policy Period:** When coverage begins and ends
- 2** **Limits:** The maximum your policy will pay
- 3** **Discounts:** Number of discounts applied to the policy
- 4** **Optional Coverage:** Can be added for more protection
- 5** **Total Premium:** Your cost for the policy period



# Policy Shopping Comparison

Use this worksheet as a guide when you shop for policies.

## Drivers

Principal Operator	Age	Sex	Marital Status	Percent Use of Vehicle
--------------------	-----	-----	----------------	------------------------

Other Operator	Age	Sex	Marital Status	Percent Use of Vehicle
----------------	-----	-----	----------------	------------------------

## Driving Information

Annual Mileage	Daily Commute (One Way)	miles
----------------	-------------------------	-------

Days Per Week	Number of Accidents/Violations in Past 3 Years
---------------	--

## Vehicles

### Vehicle 1

	Make	Model	Year
--	------	-------	------

### Vehicle 2

	Make	Model	Year
--	------	-------	------

## Insurance Coverage

Coverage	Company 1	Company 2	Company 3
----------	-----------	-----------	-----------

Liability

PIP

Uninsured

Comprehensive (Optional)

Collision (Optional)

Premium

Deductibles

Discounts

Total Cost of Auto Insurance

