

## **Do I need to buy more than the minimum bodily injury liability protection?**

Not if you're a billionaire and aren't concerned about forking over hundreds of thousands of dollars if you injure others in a car accident.

For the rest of us, the answer is almost always yes.

Bodily injury protection can be what stands between you and bankruptcy. By paying it, you can lean on your insurance company to cover you in case you get in a wreck that seriously injures one or more people **NOT IN YOUR CAR**. (The insurance that takes care of you and your passengers is called Medical Payments or Personal Injury Protection.)

Bodily injury liability coverage is defined by two numbers, individual and total coverage amounts. The former is what would be paid to a single person injured, the latter is for everybody in the other vehicle. The state minimums are often quite low: \$10,000 for an individual, \$20,000 for everyone. Medical bills can easily top those amounts in a serious accident.

## **How much bodily injury protection should I buy?**

It's not out of the realm of possibility that someone could suffer injuries that cost millions of dollars, and insurance companies offer policies that cover sums that high. But it's a very rare case to cause that much harm.

So what you're trying to determine is how much bodily liability insurance you are likely to need and what amount would be excessive. As a rule of thumb, insurance companies recommend \$100,000 for an individual and \$300,000 total. If you can afford the extra amount, it may be worth going beyond those numbers for an extra feeling of security.

You'll get advice from some people not to go beyond the minimum amounts on the theory that if you don't have the money to cover the extra expenses, they can't collect it from you. This is a very dangerous way of thinking.

For example: You're a 26-year-old graduate student and you get into a wreck that causes serious injuries to three people in the other car. You've got \$20,000 in total bodily injury insurance. The total medical bill for the other three that you're expected to cover is \$90,000. You might say, "Hey, sorry – don't have \$70,000 in the bank for you. Guess you'll have to cover it yourself." But a judge in a civil case against you isn't likely to agree. The judge will order that as you earn a salary in future years, part of it will go to the three injured people until you've covered the \$70,000 debt (with perhaps interest and court fees on top of it.) The technical term for this arrangement is garnishing your wages, and it happens in courts across the U.S. every day.

Keep in mind as well that there are two types of damage that insurance covers: bodily injuries and property damages. If you have a very cheap, old vehicle, you might be tempted to think you don't need much insurance. That may be true for other parts of your insurance, but not bodily injury – your 1979 Chevy pickup is just as capable of causing major bodily harm as that CEO's brand-new Mercedes. So don't go cheap on protection for medical expenses.

The best way to keep your financial well-being protected without spending too much on insurance is to consult with Haylor, Freyer & Coon to get help finding a company that fits your needs and budget. 800-289-1501 or [www.haylor.com/personal/auto](http://www.haylor.com/personal/auto)