

Auto Insurance Policyholder Protections

Auto insurance is a contract between the policyholder and the auto insurer. The policyholder agrees to pay a premium to the insurer and the insurer agrees to pay losses as defined in the policy.

Auto Insurers Provide Essential Financial Protections to Policyholders

Every U.S. state except New Hampshire requires its drivers to have auto liability insurance before they can legally drive a car. Liability insurance pays the other driver's medical, car repair, and other costs when the policyholder is at fault in an accident.

When a policyholder purchases optional collision and comprehensive coverage, in addition to auto liability insurance, the policyholder has property, liability, and medical coverage:

- Property coverage pays for damage to, or theft of, the car.
- Liability coverage pays for the policyholder's legal responsibility to others for bodily injury or property damage.
- Medical coverage pays for the cost of treating injuries, rehabilitation, and sometimes lost wages and funeral expenses.

