

How much coverage do I need?

Almost every state requires you to buy a minimum amount of liability coverage. Chances are that you will need more liability insurance than the state requires because accidents cost more than the minimum limits. If you're found legally responsible for bills that are more than your insurance covers, you will have to pay the difference out of your own pocket. These costs could wipe you out!

The Insurance Information Institute (I.I.I.) recommends that you have \$100,000 of bodily injury protection per person and \$300,000 per accident. If your net worth is more than \$300,000, consider buying additional liability insurance. You may also consider purchasing an umbrella or excess liability policy. These policies pay when your underlying coverages are exhausted. Typically, these policies cost between \$200 and \$300 per year for a million dollars in coverage. If you have your homeowners and auto insurance with the same company, check out the cost of coverage with this company first. If you have coverage with different companies, it may be easier to buy it from your auto insurance company.

In addition to liability coverage, consider buying collision and comprehensive coverage. You don't decide how much to buy. Your coverage reflects the market value of your car and the cost of repairing it.

Decide on a deductible -- the amount of money you pay on a claim before the insurance company reimburses you. Typically, deductibles are \$500 or \$1,000; the higher your deductible, the lower your premium.

Source: *Insurance Information Institute, Inc. (www.iii.org)*