

# Essential Auto Insurance Information: What Georgia Drivers Need to Know About Uninsured/Underinsured Motorist Coverage Beginning January 1, 2009

Most drivers fear, with good reason, a traffic crash with an at-fault driver and neither the driver nor vehicle owner carries automobile liability insurance. That's why many Georgia drivers choose to purchase uninsured/underinsured (UM/UIM) motorist coverage.

A serious accident caused by an uninsured or underinsured vehicle that does major damage to your vehicle or badly injures you or your passengers could lead to significant financial problems. UM/UIM coverage provides a means for an automobile accident victim to be reimbursed for property damage or injury caused by an uninsured or underinsured at-fault driver or vehicle owner.

With the recent enactment of Georgia Senate Bill 276, there is very important information regarding an additional choice in the UM/UIM coverage that you need to know.

Currently, when you purchase UM/UIM coverage and are in an accident with an "underinsured" vehicle, the at-fault party's liability insurance coverage may be deducted from your UM/UIM coverage when determining the amount of your UM/UIM coverage available to pay for injuries and property damage.

Starting in 2009, a new coverage option will be available in addition to the two current options.

Choosing the new option will give you additional coverage if an "underinsured" driver or vehicle is responsible for your damage or injuries.



## Three Options for UM/UIM Coverage:

1. [The New Option] The total UM/UIM limit of coverage will be applied as possible additional coverage on top of the at-fault party's liability insurance; or
  2. [Current Law] The portion of the UM/UIM limit of coverage that exceeds the at-fault party's liability insurance will be applied; or,
  3. [Also Current Law] You choose not to purchase any UM/UIM coverage and therefore may have no coverage if an at-fault party with no liability insurance causes injury to you or your passengers and/or damage to your vehicle in a motor vehicle accident.
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If you already have UM/UIM coverage and take NO action prior to your next policy renewal on or after January 1st, you will receive – and pay for – the new, enhanced UM/UIM coverage.

If you do not want the enhanced UM/UIM coverage, you must OPT OUT of it using a form provided to you by your insurance company or agent.

If you have a private-passenger automobile policy that is in force on January 1, 2009, your insurer should send you notification of this law change at least 45 days prior to the first renewal after that date, and you will be asked to select a coverage option.

If you previously refused UM/UIM coverage in writing regarding your policy, you will continue to **not** have UM/UIM coverage and may **not** receive a notice from your insurer regarding this law change.

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**NOTE: This document is for general informational awareness only, does not purport to offer legal advice, and is not to be used for claims handling purposes. Please consult your insurance carrier or your agent and your policy.**

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## **FREQUENTLY ASKED QUESTIONS: Uninsured/Underinsured Motorist Coverage**

**Q. What is Uninsured/Underinsured Motorist coverage?** When someone causes a loss to you or your vehicle in an automobile accident, that driver and/or owner of the at-fault vehicle may be legally responsible to pay for your damages. Sometimes the responsible party is not so responsible, and doesn't carry any or has little liability insurance. When the at-fault party doesn't have any – or enough --insurance coverage, that's when your Uninsured/Underinsured Motorist (UM/UIM) coverage may step in **if** you have purchased it.

**Q. Who is covered?** UM/UIM insurance generally covers you, your vehicle, members of your household, drivers of your vehicle with your permission, and passengers in your vehicle at the time of the accident.

**Q. Currently, how does my UM/UIM coverage apply when the at-fault party has some liability coverage?** Sometimes the value of your injuries and damage to your vehicle is greater than the amount of available liability coverage purchased by the at-fault party. When that happens under current law, your UM/UIM coverage will generally apply if your UM/UIM coverage limit is greater than the at-fault party's available liability coverage limits. However, only the balance of your UM/UIM policy limit over and above the at-fault party's liability coverage limit will typically be available.

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**Example:** Assume you are involved in an accident with an "underinsured" motorist. You suffer property damage and injuries totaling \$100,000. The at-fault party has liability insurance of \$25,000. You have UIM coverage with a limit of \$75,000. Under current law, you may be entitled to \$25,000 from the at-fault party's insurer and only \$50,000 from your UIM policy (\$75,000 minus \$25,000) for a total of \$75,000 in insurance proceeds for your \$100,000 loss.

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**Q. What happens on January 1, 2009?** A new law takes effect that creates another option for UM/UIM coverage. Unless you reaffirm in writing the UM/UIM coverage you now have, you will get the new, enhanced coverage. The new coverage option will probably cost more, depending on your insurer. Your insurer will notify you in writing at least 45 days before your private-passenger

automobile policy renews, so you can select the coverage you want.

**Q. How does the new coverage option work?**

If you purchase the new coverage option under the new law, available with 2009 renewals, and are in an accident where the other party is at fault, your enhanced UM/UIM coverage may allow you to collect from your UIM policy an amount equal to the remaining damages you suffer after the at-fault party's liability insurance is exhausted – subject to the total UIM limits you purchase. Under current law, the at-fault driver's available liability insurance would be deducted from your UM/UIM coverage limit before the payout of UIM policy benefits.

**Example:** Assume the same facts as in the example above. Under the new enhanced UIM coverage, you may be entitled to \$25,000 from the at-fault party's insurer and \$75,000 from your UIM policy for a total of \$100,000 equal to the amount of your loss.

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**Q. What do I have to do?** If you have UM/UIM coverage on a private-passenger automobile policy in effect as of January 1, 2009, your insurer should send you a notice of your options at least 45 days before your next policy renewal occurring after January 1<sup>st</sup>. If you do not want the new coverage, you must let your company know on the form and return it prior to your renewal date according to your company's instructions. Otherwise, the new coverage and premium may show up on your first renewal after January 1, 2009.

**Q. I do not carry UM/UIM coverage now and I don't want it after January 1<sup>st</sup>. What will happen?** If you previously refused UM/UIM coverage in writing, nothing should change unless you notify your insurance company in writing to make a change according to the company's guidelines.



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