

AUTO INSURANCE

Why Having More Is Better

by David Wayne Smith, DEd, DABPS, FACFEI

Getting into an automobile, as either the driver or a passenger, always entails some risk, even if you're not going very far. Indeed, most car accidents occur within a few miles of home. Based on the number of miles driven per year, the chances of having an auto accident, even for careful drivers, is about one every seven years. So if you own a motor vehicle, you want to be sure you have good insurance coverage, because the other person involved may not. Similarly, if you drive someone else's car, make sure the owner has the car fully insured. The number of uninsured drivers is staggering: In some states, one in every four cars on the road is uninsured.

Currently, state legislatures require only minimum auto insurance coverage to operate a motor vehicle. The average auto policy coverage is 15/30, or \$15,000 property damage/\$30,000 personal liability. That means that—assuming the insured person is liable for the accident—the insurance company will provide up to \$15,000 to pay for repairs to the other person's car and any other property that was damaged. The \$30,000 personal liability coverage is intended to pay medical, rehabilitation, and funeral expenses, but the specifics vary from policy to policy. Some policies provide \$30,000 for each person injured or killed in a car accident, while others limit the payout to \$30,000 total, regardless of how many people were injured or even killed in the accident.

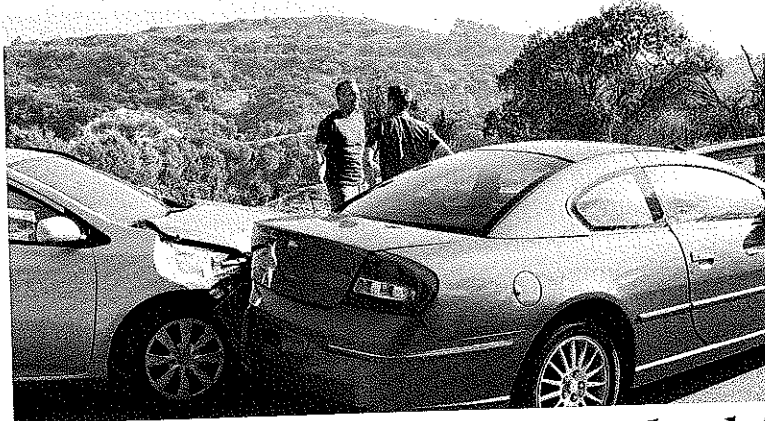
Given the cost of medical care today, \$30,000 is unlikely to go very far, even if only one person is injured. And what if the person who causes the accident has no insurance?

While you can't control what everyone else on the road does, if you own a car, it is important to learn how to protect yourself in the event of an accident, including being prepared by having good auto insurance coverage. Persons with chronic illnesses, such as arthritis, have even more reason to educate themselves about auto insurance—and to purchase adequate coverage—because they may be more vulnerable to injury when involved in an accident. They are also likely to be challenged on any claims of additional loss of function as a consequence of an auto accident, which can lead to difficulty getting compensated for injuries sustained in a collision.

Some statistics

The Insurance Research Council estimates that 13.8% of US motorists do not have car insurance policies. The states with the highest percentages of uninsured drivers are Mississippi (28%), New Mexico (26%), Tennessee (24%), Florida (24%), and Oklahoma (24%). Statistics for other states are easily accessed on the Internet.

While fatal crashes declined in 2010 (the latest year for which statistics are available), the number of crashes involving injuries increased to 1,546,000 (an increase of 1.9%), though not all auto accidents are reported. There were more than 5.5 million car accidents reported in the United States in 2010, with 31,000 fatalities and 2 million people injured. Of those accidents reported, 31% involved speeding. New statistics show that at any given moment, 812,000 vehicles are being driven by a person using a cell phone. This should be of great concern to



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state legislatures, but for the most part, driving laws have not yet caught up to changing technology.

The invention of the cell phone and the popularity of texting have created additional distractions for drivers. In fact, nothing causes greater distraction to a driver than texting. Many state legislatures have begun to implement state laws making it illegal to text and drive, and 12 states, as well as Washington DC, prohibit all drivers from using hand-held cell phones while driving. Though these are important changes, there is still the need to raise minimum state coverage requirements for auto insurance policies.

What's enough insurance?

When buying or renewing your auto insurance policy, take the time to speak to your insurance carrier. If you have an agent, discuss your financial situation with him, and make sure you understand the limits of your auto policy. Bear in mind that the average automobile is driven over 10,000 miles per year, and with each mile driven, the risk of an accident increases. Do not take auto insurance coverage lightly, and do not make the mistake of believing that the minimum coverage required by your state helps you avoid financial responsibility.

If you are found liable in an accident, your insurance carrier is only responsible for costs up to the limits of your policy. If the liability exceeds the limits of the policy, you are responsible for all other costs. That means that not being properly insured could result in the loss of your home or other property, garnishment of your wages, and even bankruptcy.

The author of this article believes that every automobile owner should carry at least 100/300, as well as underinsured/uninsured driver insurance within their policy. Underinsured/uninsured coverage pays for property damage and/or personal injury costs in the event that the person responsible for the accident does not have sufficient (or any) coverage.

It is also highly recommended that those with chronic illnesses consider purchasing a \$1 million personal umbrella policy. The additional coverage is available to cover any liability costs beyond what is covered by your home or auto insurance.

Litigation in the wake of an automobile accident can be stressful and damaging. It is in the insurance company's best economic interest to either settle quickly and for as little as possible or to stall the proceedings in the hopes that the person seeking compensation will get discouraged and give up. The cost of hiring a lawyer may be expensive, since most

lawyers' fees are one-third of the settlement. In addition, the litigant needs to provide medical evidence, pay for filing fees, etc.

In view of these hurdles, it is strongly recommended that anyone with a chronic medical condition purchase more than minimum coverage, as outlined above. The cost is low compared to the potential consequences of an auto accident involving another driver with minimum coverage. If you are still not convinced, check out the minimum coverage requirements in your state of residence as well as the percentage of underinsured/uninsured drivers. These are the drivers you're sharing the road with whenever you travel by motor vehicle.

Proving additional loss of function

As mentioned earlier, not only may people with chronic illness be more vulnerable to injury when involved in an auto accident, but they are also likely to have difficulty if and when they seek compensation for additional losses of function as a result of an automobile accident. A chronic disease such as arthritis may become a major factor in an insurance carrier's contention that your claim is invalid. The carrier may simply allege that your claim of an additional loss of function cannot be substantiated because you have a preexisting condition.

One way to proactively protect yourself in this situation is to have a thorough physical and mental status evaluation now, before you're involved in an accident. Most urban communities have functional assessment clinics where patients can obtain objective evaluations of physical and mental function at a reasonable cost. Or you can ask the health-care provider who treats your arthritis to perform a review of your physical function and document it. Particularly if you are receiving disability payments, you should have good medical records substantiating the reasons for those benefits, as well as documentation of your strengths and weaknesses and any physical or mental changes that have occurred since your benefits were awarded. And anyone with arthritis should have medical records showing routine visits for treatment of the condition.

What to do if involved in an accident

Every effort should be made to avoid auto accidents, but even when you are careful, the chances of get-

ting into an accident are high. The most common accidents involve getting rear-ended or sideswiped, and the injuries resulting from such collisions can be significant.

If you are involved in an accident in which there are injuries, call 911 immediately. Make sure to exchange insurance information with the other driver, if possible, and to write down the make and model of his car and his license plate number. Where evidence is clear that the other driver is at fault and there are injuries, insist that police be called to the scene.

In addition, notify your insurance carrier immediately. If there are irregularities in the coverage provided by the other driver—for example, the name on the insurance policy doesn't match the name of the driver, or the date on the policy indicates that it is expired—make sure tickets are issued by the police, and if there are serious injuries, make sure someone takes photographs of the scene. Most cell phones now have photographic capability, and having photographic records of the damage can go a long way toward proving loss of physical or mental function in the future. Take statements from possible witnesses, and if you are not injured, do not be in a hurry to leave the scene of the accident until you've gathered as much evidence as possible. Police have staff available to photograph accident scenes; ask the attending officer for photographic and other evidence to be gathered.

Real-life cases

The Disability Assessment Research Clinic at the University of Arizona in Tucson has seen a number



of cases that demonstrate the far-reaching damage that can occur as a consequence of a motor vehicle collision.

Frank. Frank is a back surgery survivor who was rear-ended while at a stoplight. Fortunately for Frank, the other driver had excellent insurance cov-

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erage, and Frank himself has adequate health insurance, so his medical bills will be paid in the future. However, the physical and emotional impact of the accident on Frank was substantial: While prior to his accident Frank had worked hard to restore function and could easily bench-press 200 pounds and perform 300 sit-ups, after it he was limited to lifting no more than 15 pounds, and then only occasionally. When informed that even lifting a gallon of milk would require caution, Frank had tears in his eyes.

Lisa. Lisa, who is receiving long-term disability and Social Security Disability Insurance benefits due to severe rheumatoid arthritis, was a passenger in a rental car that was struck from the side by another car whose driver ran a red light at high speed. Lisa suffered fractures in her left hand, a hand that a surgeon had recently restored to function. Prior to the accident, Lisa was able to play the piano and use her left hand on the computer; now she can do neither.

The driver who struck the automobile in which Lisa was a passenger had 100/300 coverage. But initially, her insurance carrier stalled on compensating Lisa, so Lisa's attorney threatened to file a lawsuit. The attorney also provided the driver's insurance carrier with documents that convincingly showed Lisa's additional loss of function. Lisa was eventually awarded the full \$300,000 personal liability coverage, and her own underinsured/uninsured policy gave her an additional \$35,000.

Harry. Harry has rheumatoid arthritis. He was struck from behind while stopped at a red light. The driver of the car that struck Harry's had the minimum insurance required by law, 15/30. Harry suffered additional damage to his cervical spine and to his hands and wrists as a result of the accident. While Harry has 100/300 insurance, underinsured/uninsured coverage, and good health insurance coverage, it is certainly possible that the costs of the surgeries and therapies he now needs could exceed not only his coverage, but that of the driver of the at-fault car. This case is currently in litigation, and the sad outcome could be that the driver at fault will have to declare bankruptcy to avoid the liability that exceeds his minimum coverage.

Carl. Carl receives long-term disability benefits from his employer, which include health insurance secondary to Medicare (his primary carrier). His medical bills from when he was rear-ended while stopped at a red light now exceed \$100,000. Medicare and his secondary insurance carrier paid all the bills at a negotiated rate. The driver responsible for the accident is responsible for repaying Medicare and the secondary insurance carrier.

Carl has hired an attorney who specializes in auto accident litigation to pursue all avenues of reimbursement for Carl. Since this is a very recent case,

there is no way to know what the eventual outcome will be, nor is it known how much coverage the responsible party carried. Carl, who has osteoarthritis of the spine, may require a surgical procedure. The Disability Assessment Research Clinic staff have been asked to develop a profile of Carl's current physical and mental functioning. The Clinic is also working closely with the attorney to gather historical, objective medical evidence to determine whether Carl has suffered any additional loss of function as a result of the accident.

Protecting yourself and your community

As these stories illustrate, being in an auto accident can be devastating physically, emotionally, and financially. You can help to protect yourself—at least financially—by buying adequate insurance and by having good medical records documenting your current physical and mental state. You can also help to protect yourself and your community by contacting your state legislator and asking him to introduce legislation to raise the required limit for automobile insurance coverage to at least 100/300 and to strengthen the penalties for those who fail to purchase insurance. In most cases, it is a criminal offense to drive without insurance. Ask your legislator to introduce legislation to make driving without insurance a felony in the event that the driver is at fault in an auto accident resulting in life-threatening personal injury.

In addition, do your best to drive responsibly and defensively. People who have been driving for many years can get overconfident of their ability to multitask while driving, but it's not just teenagers who get into collisions. So don't drive while drowsy, or when you've been drinking alcohol; don't use your cell phone to talk or text while you're driving; and don't attempt to eat, read a map, or apply makeup while driving. Wear your seatbelt, don't speed, don't tailgate, and follow all other traffic laws. In addition, maintain your vehicle properly, so that your brakes, tires, lights, windshield wipers, and everything else works when you need it to. □

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