

# Legal Briefs

A LEGAL NEWSLETTER FOR  
FRIENDS AND FAMILY



Graham Lundberg & Peschel Founded 1979

## UNDERSTANDING BASIC AUTOMOBILE INSURANCE: Liability, PIP and UM/UIM

**We Appreciate Referrals**  
**Please feel free to refer any family members or friends should they need any legal services. A referral from you is one of the best compliments our office can receive. Consultations are complimentary.**

What type of insurance is mandatory to drive your automobile in Washington State? What type of insurance are insurance carriers required to offer to you when you purchase auto insurance in Washington State? Often times, people make decisions about their insurance coverage based only on what an agent tells them that they need. However, automobile insurance in Washington is governed by statutes and regulations that address these and many other questions about insurance coverage. While there are many other kinds of insurance available to cover operation of your automobile, this article addresses three main types of coverage: Liability, PIP and UM/UIM.

Under Washington law, a driver is only required to have liability insurance in order to legally operate a vehicle on the road. Furthermore, the liability coverage only has to be in the minimum amount of \$25,000 per person, and \$50,000 per incident. Liability insurance simply pays for damages that you may cause to someone else while operating your vehicle. It does not cover any damages to your car or to yourself. As a general rule, insurance agents recommend that you should have your liability insurance limits that meet or exceed your net worth. That way, if you are deemed to have caused an accident, your insurance will cover all of the other party's damages, and your personal assets are protected.

When an insurance company writes an automobile policy in Washington State, it must offer all of its customers Personal Injury Protection (PIP) insurance, and Uninsured/Underinsured Motorists (UM/UIM) insurance. You then have the option to either purchase the

coverage or reject the coverage. If the insurance company does not offer you PIP or UM/UIM coverage, and you do not reject the coverage in writing, then you will be deemed to have it as part of your policy.

PIP insurance covers your medical bills and wage loss should you be injured in a motor vehicle accident. It does not matter whether you caused the accident or another person caused the accident. PIP coverage can vary from \$10,000 to as high as \$100,000, depending on the amount of coverage you purchase. If you do not presently have PIP coverage, it is highly recommended that you add it to your policy as it is fairly inexpensive and provides you the assurance that your medical bills will be paid if you are injured in an automobile collision. Health insurance alone generally is not adequate as it has deductibles and co-pays that PIP does not.

Uninsured/Underinsured Motorist acts as protection for damages that you may suffer when an accident is caused by someone who has no insurance (uninsured), or whose liability insurance limits are not enough to pay for all of your damages caused by the accident (underinsured). It is highly recommended that you purchase Uninsured/Underinsured Motorist coverage in an amount that meets or exceeds your liability limits. Clearly, it makes sense to insure yourself in an uninsured/underinsured motorist situation for as much as your liability insurance coverage limits. We have found that, even though liability insurance in Washington is mandatory, there are still many uninsured and underinsured motorists on the road.

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We are a team of legal professionals working together to advocate for the injured while being recognized in the community for providing the highest level of service.

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## We are in your neighborhood!

Graham Lundberg & Peschel – Attorneys at Law, since 1979, have offices throughout Western Washington including Seattle, Tacoma and Port Orchard. For a location near you, visit our Web site at [www.glpattorneys.com](http://www.glpattorneys.com). We handle all types of personal injury cases including motor vehicle accidents, slip & falls, product liability injuries and wrongful death.

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**800-422-4610**

South Puget Sound area including Pierce, Kitsap, Thurston and Mason Counties:

## HOME INSURANCE POLICY REVIEW

A new year is a good opportunity to review our insurance needs. Homeowner's insurance is an essential part of this review. The declaration page is the best place to start, and it is usually the first page of the policy. It is a snap shot of coverages, limits, deductibles and endorsements. Note that earthquake and flood insurance typically are added endorsements and are not part of a standard Homeowner's policy.

Liability coverage includes Medical Payments and Personal Liability. Medical Payments are for medical expenses for persons injured on your property, regardless of fault. Coverage amounts ranging from \$5,000 to \$10,000 are usually adequate. Liability coverage protects the homeowner for negligent acts and omissions, such as dry rot in an outdoor step that causes injury to a guest, or for the accidental failure to yield the right of way to a fellow skier on the mountain. Liability coverage in the amount of \$100,000 is standard but should not be relied upon. Liability coverage should exceed an individual's net worth. After liability coverage exceeds an amount designated by the insurance company, most carriers will then issue a separate Personal Umbrella Policy (PUP) insuring the homeowner for an additional million dollars or more. The premiums for PUP policies are usually quite low compared to the benefit of the additional coverage.

Often, increases in overall liability protection for a homeowner can be gained with little or no effect on insurance premiums when combined with other changes. For example, raising your deductibles can sometimes reduce premiums 10-25%. Insuring your home with the same carrier as your automobiles can also lower premiums 5-15%. Adding home security or being a long term customer can also reduce rates.



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