



Office of Insurance and Safety Fire Commissioner John W. Oxendine

Commissioner Oxendine's office answers to these Frequently Asked Questions about Auto Insurance



Auto insurance protects you against financial loss if you have an accident. It is a contract between you and the insurance company. You agree to pay the premium and the insurance company agrees to pay your losses as defined in your policy. Auto insurance provides property, liability and medical coverage:

- * Property coverage pays for damage to or theft of your car.
- * Liability coverage pays for your 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.

☐ Vehicle Losses

There was a time when an individual's only access to an automobile was his or her own. In current society a family usually owns two or more vehicles and may have use of his or her employer's vehicle

QUESTION: I work part-time using my car to deliver pizza. Does my insurance cover me while I am working this job?

ANSWER: Probably not. Most private passenger auto insurance policies do not provide coverage when the covered vehicle is used to deliver property, i.e. pizzas or people for a fee (salary, tips, etc.). Coverage would probably be denied if an accident occurred while you were using your personal vehicle to deliver. Check with your employer to determine if the employer would provide you coverage while you are engaged in that employer's work.

QUESTION: Although my driver's license expired a few days previously, I borrowed my neighbor's car with his permission yet the neighbor's carrier and mine have denied the claim saying I didn't have a right to drive the car because I had no current driver's license. Can the carrier do this? ?

ANSWER: Many policies state that you are not an insured in such a situation as you were aware that you could not legally drive that car.

☐ Agent Misquote

Although you can purchase some automobile insurance directly from the insurance "company" or "insurer", many automobile insurance companies do not sell directly to the individual. Instead they use the "agency system" or independent insurance agents to market their policies. A consumer must contact an agent to make application for an automobile insurance policy. The agent will quote you the cost of the coverage and submit your application to the insurance company. This process can cause a consumer concerns.

QUESTION: My agent gave me a quote for car insurance; but when I got the policy, I found the premium was much more than the agent's price. Since I bought the policy for the amount I was quoted by the agent, must I pay the higher amount?

ANSWER: If a premium is incorrectly quoted by an agent, the insurer must nonetheless use only those rates that ARE FILED WITH OUR Property & Casualty Division.

QUESTION: I paid my agent the full amount he quoted for a six-month policy. But, the agent is now telling me the company will not write my policy. They can't do that can they? Since I made a contract and paid for it, they have to issue it, don't they?

ANSWER: An insurance company may decide to decline an "unbound" application or if coverage was provided the insurance company may cancel a NEW policy within the first sixty days, but in most cases, they must mail a ten-day cancellation notice.

☐ **Quality of Auto repairs**

Consumers will reach an agreement with the insurance company as to the dollar value of the claim but the repairer has not repaired the car properly. This can cause obvious problems as consumers must in the final analysis contract with a repairer as carrier will not and is not required to do so.

QUESTION: I was in an accident with another party. The latter was at fault. The liability insurance company has paid me the cost of repairs but the repairer has not repaired the car satisfactorily. What can I do? Can your Department resolve this?

ANSWER: Although you settled the claim with the liability insurance company, your problem is with the repairer with whom you contracted for the repairs. You may have to settle the dispute with the shop through litigation through our civil courts. This office has no authority over the repair facility.

QUESTION: My insurance company has an estimate to repair my car for \$1250.00 from a repairer but I want to have the car repaired at another shop for \$250.00 more. Can I require the insurance to pay me the difference in the amounts of the two estimates?

ANSWER: If the estimate of the insurance company is that of a reputable repairer or if any other repairer will do the work for that amount, the insurance company will not have to pay you the difference in the estimates. You can, of course, take your car to any shop of your choice but in these circumstances you have to pay the cost differential.

QUESTION: The insurance company wants to use aftermarket parts rather than original manufacturer's parts. Is that legal?

ANSWER: Yes, as long as the estimate so indicates such parts are being listed and the guarantee of the manufacturer is also stated on the estimate.

☐ **After Market Parts**

After Market Car Parts are generally defined as “parts not manufactured by the original equipment manufacturer that replace non-mechanical sheet metal parts or plastic that constitute part of the exterior of a motor vehicle, including, but not limited to an inner or outer panel.

QUESTION: Can the insurance company use after market parts to repair my car?

ANSWER: Yes. The insurance company is required, however, to identify each after market part used in the repair estimate and attach a disclosure statement that aftermarket parts were authorized in the estimate.

QUESTION: Must I accept the after market parts utilized by the insurance company in their estimate?

ANSWER: No. You can request that the repair shop use original manufactured parts but you will have to pay the difference in the cost of the original manufactured and after market parts.

☐ **Third Party Liability Claims**

These claims are ones asserted against a consumer based on the allegation that the loss resulted from that consumer's alleged negligence. In short, it protects that consumer up to the amount of insurance involved from adverse judgments that if not otherwise paid can become a lien on your home or real property.

QUESTION: The other party's liability insurance company has denied my claim stating their insured was not liable although I provided them with a copy of the police report that clearly states their insured was at fault. Can they do this?

ANSWER: The insurance company conducts its own investigation and makes its decision as a result of that investigation. The Georgia Code says that carriers will have a procedure to insure prompt investigation and settlement of claims. Thus a carrier has some leeway in the elements used in investigations. Carrier may take statements of both drivers and any witnesses, reviewing the police report, inspecting the accident site and checking the points of impact on the involved vehicles.

QUESTION: I was in an accident and the other party was clearly at fault and the policeman gave the other guy a ticket. The other guy's insurance company is refusing to pay for my damages because they feel I was somehow at fault. Can't the Commissioner's office force the other guy's insurance company to pay for my damages?

ANSWER: Determining who was at fault, blame or legally liable in an auto accident does not fall under the legal purview of the Commissioner's office. This involves a question of fact and a civil matter which can only be settled in the proper court of jurisdiction. The Commissioner's office role in third party liability claims is greatly limited and is primarily confined to ensuring that the other person's insurer is conducting a good faith investigation.

☐ **Diminished Value**

Georgia courts have said that a person's damage is the difference in the value of that property (automobile) before and after the accident. The courts have said that efficient repair of any vehicle damaged in an accident may not have returned that vehicle to its pre-accident condition. This has generated an upsurge in diminution in value losses and claims.

QUESTION: I just filed a claim with the other person's insurance company that hit my car. Don't they owe me diminished value?

ANSWER: In view of our courts' decision, they may owe you diminishment. As a third party claimant, you will have to initiate the filing of such a claim even though the liability carrier has paid you for the repair of the car.

QUESTION: What is the diminution in value claim procedure if I file that claim with my collision carrier?

ANSWER: The determination, per the instruction of our courts, of diminishment must be done by the carrier at the time they estimate cost of repairs of vehicle damage. Such determination could result in evidence of no diminishment.

☐ **Car Rental**

In third party situations, a claimant may be entitled to car rental from the date of the accident until the car is, with dispatch, repaired. The carrier's rental responsibility in first party claims is based on the policy conditions.

QUESTION: The repair of my car was delayed for three weeks because a part could not be provided by the manufacturer before that time. The insurance Company will not pay car rental during the delay period. Can they legally do this?

ANSWER: Georgia courts have said that carriers are not liable for parts delivery delays.

QUESTION: The liability insurance company tells me that my car will probably be totaled but they won't pay me for car rental in the interim. Can they do this?

ANSWER: Not any more. A recently enacted statute states that any insurer, upon acceptance of liability, pursuant to any automobile liability or motor vehicle liability insurance policy, shall pay reasonable benefits for losses, including total losses, to a third party for loss of use of such motor vehicle.

☐ **Cancellation and Non-Renewal**

Loss of a drivers license is generally caused by serious traffic offenses and failure to comply with Financial Responsibility Laws, namely, maintenance of liability insurance. All questions or inquiries regarding the status of ones drivers license should be directed to the Georgia Department of Motor Vehicles Drivers License Services at 678-413-8400 or web site www.dmv.ga.gov.

QUESTION: I have been with my insurance company for five years and always paid my premiums on time. Now, the insurance company is not going to renew my policy just because I had to use it for three small accidents which they said were my fault. Isn't that why you have insurance? They can't legally non-renew me can they?

ANSWER: Any insurance company can non-renew a policy if their insured has had more than one at fault accident in the past three years or all claims payments total \$750.00 or more.

QUESTION: I recently traded my 1998 Saturn for a Corvette and added it to my policy. Then, they sent me a cancellation notice. The reason given was the ownership of a Corvette. I don't think this is right. Is it?

ANSWER: The acquisition of the Corvette, a so-called high performance car, could be a change in condition of the risk which would permit cancellation under current law.



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2008 GIAA Conference of Champions
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When: October 9 - 11, 2008

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