

BUYING
FLORIDA
AUTO INSURANCE
SECOND EDITION



MELDONLAW

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FLORIDA
AUTO INSURANCE
SECOND EDITION

A **3-Step Approach** to Purchasing Adequate
Auto Insurance at Competitive Pricing

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Second Edition

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Printed in the United States of America.

ISBN: 978-1-63385-154-2

Published by

Word Association Publishers
205 Fifth Avenue
Tarentum, Pennsylvania 15084

www.wordassociation.com
1.800.827.7903

TABLE OF CONTENTS

Introduction 9

Why I wrote this book 11

“But, I thought I had ‘full coverage’...” 13

There are only two required Auto Insurances in Florida ... 15

My 3-Step Approach to Purchasing Adequate
Insurance at a Competitive Price 17

Auto Insurance 101 - Insurance Coverage Made Simple

- Personal Injury Protection (PIP) 23
- Property Damage Liability 27
- Bodily Injury (BI) Liability & The Florida
Financial Responsibility Law. 29
- Uninsured Motorist (UM) Coverage 33
- Gap Insurance 37
- Collision and Comprehensive Insurance 39
- Medical Payment (Med Pay) Coverage. 41

Summary of Coverage and Recommendations..... 43

About the Author 45

LEGAL DISCLAIMER

This is a consumer guide book. This book is *not* intended to give legal advice. It is meant for educational purposes only. For specific legal advice, consult an attorney with insurance experience. If you wish to consult with Mr. Meldon about a specific case, his contact information can be found at the end of this book.

INTRODUCTION

Beware: You cannot depend on the State of Florida or the other driver to protect you or your family in the event of an accident. Only you can plan ahead to protect yourself and your family.

This guide book addresses three main topics to help you protect yourself and family:

1. Why purchasing adequate insurance in Florida is vital.
2. Explanations, tips, and recommendations for each of the various insurances.
3. How to purchase adequate insurance at a competitive price.

As a Florida accident attorney for over 40 years, I can tell you, being adequately insured is probably the most important thing you can do to protect yourself and your family in the event of an accident. Here is why:

- Florida has some of the worst laws in the country to protect an innocent person injured in a crash.
- 25% of Floridians are driving without the State's required insurance. Another estimated 50% of drivers

carry inadequate insurance that will provide little, if any, coverage for injuries.

- People are generally shocked when they have to pay tens of thousands of dollars of their own money, even when they were totally innocent in the accident and the at-fault party complied with Florida's insurance laws.
- People are upset when they have to pay for another driver's mistake.
- It is heartbreaking to see how, in one second, a person's life can be devastated because they failed to purchase adequate insurance, especially when they thought they had "full coverage!"

Beware: Even if you are completely innocent in an accident, you can get stuck with thousands, or even hundreds of thousands of dollars of medical bills, loss of income, and a permanent injury. All of which can be devastating.

WHY I WROTE THIS BOOK

I do not sell insurance; I am an experienced accident attorney, **I “sell” being protected.** For over 40 years, I have helped accident victims and their families, who, through no fault of their own, were seriously injured or killed in vehicle accidents.

It may seem confusing to readers why I, an accident attorney and not an insurance salesman, frequently talk and write about purchasing adequate insurance. Let me explain:

- In short, if the money (insurance) isn't there on a client's (victim's) part, or on the part of the at-fault party, there just isn't any money to pay for:
 - ▶ Medical Bills (past and future)
 - ▶ Loss of income (past and future)
 - ▶ Pain and suffering (past and future)
 - ▶ Property damage.
- A person without adequate insurance is often just plain out of luck - *no matter how skilled or talented the lawyer they hire is!*

I wrote this book because I strongly believe public education is the first step in preventing or in recovering from an accident. **Step one – make sure you are adequately protected before you get into an accident.**

“BUT, I THOUGHT I HAD ‘FULL COVERAGE’...?”

This is one of the most common statements heard from accident victims coming to my office for help. Unfortunately, more than half of them find out they only purchased an insurance policy that is legally required in Florida. Sadly, this is by no means “full” or even adequate insurance coverage. **People are amazed and shocked when they get this heartbreaking news.** This is why:

THERE ARE ONLY TWO REQUIRED AUTO INSURANCES IN FLORIDA

1. \$10,000 of Personal Injury Protection (PIP) to pay for some of *your* medical bills and lost wages, no matter who is at-fault for the accident, since Florida is a “no fault” state. (Note - \$10,000 can be used up before you get out of the Emergency Room.) In 2012 this was reduced to \$2,500, unless a medical doctor determines that you have an emergency medical condition.

2. \$10,000 of Property Damage Liability to pay for the *other* person’s car repairs, if *you* are at-fault for causing an accident. (Note – this does *not* pay for your vehicle’s damage).

In Florida, you may be injured by someone who is legally “fully insured.” However, the at-fault party may not have adequate coverage to pay for your injuries and lost wages.

Considering the following facts/statistics, it becomes clear why adequate insurance coverage is vitally important in Florida and Uninsured/Underinsured Motorist Coverage is so valuable.

Drivers on the road in Florida:

- 25% are uninsured, without any insurance, and are driving illegally.
- 25% have the required minimum insurance, which offers you no protection for your medical bills, lost wages, and other out-of-pocket expenses.
- 25% have some Bodily Injury Liability coverage, but the amounts are inadequate to protect you in the case of a major injury. They are under-insured.

Summary – An estimated 75% of drivers (3 out of 4!) in Florida have no or little insurance to cover your hospital bills, medical expenses, rehabilitation, loss of wages, and a disability, if they injure you in a crash.

MY 3-STEP APPROACH to Purchasing Adequate Auto Insurance at a Competitive Price

What can you do about this? Protect yourself and your family by purchasing adequate auto insurance! Here are my recommendations about how to shield yourself:

Buying personalized, adequate auto insurance is important and can be an extremely complicated and confusing undertaking! First, there are many different types of insurance coverage. Second, adding to the confusion, we are bombarded with TV ads offering low cost insurance if we just call or go online. It is hard to know what to do and how to make sense of it all. Third, it is difficult to find basic information about the various insurance products because some insurance agents either just want to sell insurance or do not have the required knowledge and understanding.

To simplify insurance, here is an easy and sensible approach to purchasing auto insurance that is adequate, personalized, and a good value.

Review my 3-step approach to purchasing adequate auto insurance at competitive pricing.

STEP 1. DO YOUR HOMEWORK:

- **Start by educating yourself** about the various auto insurances by reading this book and doing individual research.
 - ▶ This guide will provide basic information necessary to ask the right questions.
 - ▶ This educational foundation can help you to evaluate insurance agents and to determine if they are knowledgeable.
 - ▶ You can also check websites, such as www.StateofFlorida.com/insurance-guide, www.FLOIR.com for more insurance information.

STEP 2. GET EXPERT ADVICE:

- **Once you have a basic education**, visit several reputable, experienced insurance agents in your community for guidance. These local, experienced agents can recommend the amount and types of coverage you need to protect yourself and your family.
 - ▶ I recommend finding a local agent who represents a major company that is financially strong and has a reputation for treating policy holders fairly.

- ▶ Or, find a well respected independent agent who will compare rates and coverage among several insurance companies.
- ▶ This wise advice is free.
- ▶ Online or phone consult insurance companies are NOT the best place to seek expert advice regarding your individual Florida auto insurance needs!

STEP 3. SHOP PRICE:

- **Once you determine your insurance needs**, begin competitively pricing the cost of coverage with several companies. You want the best product at the lowest cost.
 - ▶ If you choose to buy online or by phone, make sure you know what you need before you contact them! Often, a “price-oriented” salesperson makes a sale based on price alone. These companies may have inexperienced customer service representatives who do not know how to adequately evaluate your Florida auto insurance needs.
 - ▶ Purchase through a local, reputable insurance company. Having a local agent can help when you have a question or insurance claim.
 - ▶ I strongly suggest that if the price is comparable, use a local agent for your insurance needs.

AUTO
INSURANCE 101
Insurance Coverage Made Simple

PERSONAL INJURY PROTECTION (PIP)

WHAT PIP COVERAGE PROVIDES:

- PIP insurance pays 80% of your medical bills and 60% of your lost wages, up to \$10,000. This includes expenses for necessary medical, surgical, x-ray, dental treatment, and all recognized rehabilitation services.
- PIP also pays a \$5,000 death benefit per person.
- PIP benefits apply to any accident that involves a vehicle, even if you are on a bicycle or are a pedestrian. (Motorcycles are excluded).
- PIP covers losses sustained as a result of bodily injury, sickness, disease, or death, arising out of the ownership, maintenance, or use of a vehicle.
- This \$10,000 PIP coverage limit was reduced to \$2,500 unless a medical doctor determines that you have an emergency medical condition.

WHOSE INSURANCE COMPANY PAYS PIP:

- PIP benefits are paid by your own insurance company, regardless of who is at fault in an accident. (Note: Florida is a no-fault state, meaning that your insurance pays no matter who causes an accident.)

WHO IS COVERED BY PIP:

- You, the insured, are covered by PIP while driving your vehicle or when riding as a passenger in another's vehicle, if you are walking or biking and are struck by a motor vehicle.
- Children and relatives who live with you may be covered while driving your car, riding as passengers in your or another's car, or if they are walking or biking and are struck by a motor vehicle.
- Others who drive your insured motor vehicle, or are injured while riding as a passenger in your car, may be covered by your PIP.
- PIP benefits may be paid even if an accident occurs outside of Florida, as long as you are driving your insured vehicle in the U.S., its territories or possessions, or Canada.

PIP EXCLUSIONS & EXCEPTIONS:

- PIP does not cover motorcycles.

- The insurance company may exclude PIP benefits for injury to any person operating the vehicle without the owner's express or implied consent.
- PIP benefits are excluded if the driver caused or contributed to the injury intentionally or while committing a felony.
- PIP may not cover drivers specifically excluded or not disclosed to the insurance company (usually formal household members.)

IS PIP REQUIRED IN FLORIDA?

- Yes. Florida law requires vehicle owners to carry \$10,000 of PIP coverage.

Remember, \$10,000 of PIP benefits can be used up (exhausted) very quickly in the Emergency Room after a serious accident.

PROPERTY DAMAGE LIABILITY (PD)

WHAT PROPERTY DAMAGE COVERAGE PROVIDES:

- PD compensates for damage done to someone else's property (auto, house, fence, tree, etc.) by your vehicle due to your negligence (fault.)
- Your PD does not provide compensation for your own auto or other property damage. (You would need Collision and Comprehensive Insurance.)

WHOSE INSURANCE COMPANY PAYS PD BENEFITS:

- Fault matters – the at-fault driver's insurance pays.
- If you are at-fault, Property Damage insurance is paid by your own insurance company to the other person.
- If someone else is at-fault, their insurance company pays you (if they have PD coverage.)

WHO IS PROTECTED BY PD?

- As with Bodily Injury Liability, you are financially protected for expenses resulting from property damage you caused (except to your own car).
- See Bodily Injury Liability for more information.

IS PD REQUIRED IN FLORIDA?

- Yes. \$10,000 of Property Damage Liability is required in Florida. (However, 25% of drivers in Florida do not have it and are driving illegally.)

RECOMMENDATIONS:

- I recommend Property Damage Liability in the amount of \$50,000 to \$100,000. It is easy to cause more than \$10,000 of property damage to one or more vehicles.

BODILY INJURY LIABILITY (BI) & The Florida Financial Responsibility Law

WHAT BODILY INJURY COVERAGE PROVIDES:

- Monetary compensation for the other person's or persons' bodily injuries when you are at-fault in an accident, not for your own bodily injury.
- Protection for your personal non-homestead assets by providing financial compensation for injuries sustained as a result of your negligence.
- Payment for your attorneys' fees and any costs incurred if you are sued for injuries caused by your negligence.
- Eligibility for you to purchase Uninsured/Underinsured Motorist Coverage.

WHOSE INSURANCE COMPANY PAYS BI BENEFITS:

- BI benefits are paid by your own insurance company to the person(s) injured, if you are at-fault for a motor vehicle accident.

- If you are injured in an accident due to the fault of another, the at-fault driver's insurance company pays the BI benefits to you (if they carry BI).

WHO IS PROTECTED BY BI?

- You are financially protected for expenses incurred from injuring another, even a passenger in your car, as a result of your negligence in a motor vehicle accident.
- If another person drives your car and causes an accident, resulting in bodily injury, you are financially protected. (In Florida, the owner of the car is legally liable for injuries, even if someone else was driving their vehicle.)
- BI will also cover relatives who live with you and who are insured under your policy, if they cause an accident while driving another person's vehicle.

IS BI REQUIRED IN FLORIDA?

- No. BI coverage is not required in Florida. However, Florida does have a Financial Responsibility Law (see page 32).
- You must carry BI insurance if you were convicted of a DUI, for a period of three years after reinstatement of your driving privileges. If you were convicted after October 1, 2007, the minimum required amount is \$100,000

per person and \$300,000 per incident (plus \$50,000 in Property Damage Liability.)

RECOMMENDATIONS:

- Even though the Financial Responsibility Law (see page 32) requires \$10,000 per person and \$20,000 per accident for bodily injury liability, it is not adequate coverage.
- I recommend BI coverage in the amount of \$100,000 per person and \$300,000 per accident. If you have substantial assets, a higher amount is recommended, at least \$300,000 to \$500,000 as well as an Umbrella/Excess policy. (See your local insurance agent to discuss Umbrella/Excess coverage.)
- You can only purchase Uninsured Motorist (UM) coverage up to the amount of your BI policy – the higher your BI policy, the more UM coverage you can purchase.
- If you have two or more cars, you can “stack” your UM coverage and get greater value, coverage, and protection.

What is the Florida Financial Responsibility Law?

- This law requires that an at-fault driver, provide financial coverage for bodily injury to another of at least \$10,000 per person or \$20,000 per accident.
- If you cause an accident that results in bodily injury to another person(s), you must either have BI insurance or post a bond for the required amount of coverage.
- If this “responsibility” is not met, loss of your driving privileges can result. You will also be required to make financial arrangements to pay for any judgment against you for property damage and/or bodily injuries before you can get your driver’s license reinstated.

UNINSURED OR UNDER-INSURED MOTORIST COVERAGE (UM)

WHAT UNINSURED/UNDER-INSURED MOTORIST COVERAGE PROVIDES:

- Protection of your personal finances when there is no insurance or inadequate insurance on the part of the at-fault person to compensate you for your expenses resulting from the accident.
- Protection if the at-fault party has little or no bodily injury liability insurance, and your accident case is worth more than the amount of insurance the other person has.
- Protection from “hit and run” drivers.
- Protection if you or family members are injured while on foot or bicycle by an uninsured or underinsured motorist.
- Protection if you are injured while you are a passenger in someone else’s vehicle.

WHOSE INSURANCE COMPANY PAYS UM BENEFITS:

- UM benefits are paid by your own insurance company (and sometimes other policies) in an accident that is not your fault. If your case is worth more than the bodily injury liability insurance of the at fault person, or if the at fault party has no insurance at all.

WHO IS PROTECTED BY UM:

- This coverage protects you, your family, and any passenger in your car, if you or they are injured by someone with low Bodily Injury (BI) limits or no BI coverage at all.

IS UM REQUIRED IN FLORIDA?

- No.

RECOMMENDATIONS AND TIPS:

- I recommend \$100,000 per person and \$300,000 per incident, minimum. If you can afford it, a higher amount is recommended, at least \$300,000 to \$500,000 as well as an Umbrella/Excess policy. (See your local insurance agent to discuss Umbrella/Excess coverage.)
- You can only purchase as much UM as you have Bodily Injury Coverage (BI).

However, you can “stack it up” and buy additional UM protection.

- In Florida, if you have two or more vehicles on the same insurance policy, you are eligible to get additional UM, or “**stacked coverage**,” at a low cost if you also have BI. For example, if you purchase \$100,000 UM, have two cars on your policy, and elect “stacked coverage,” effectively, \$100,000 becomes \$200,000 UM... and \$300,000 with three cars, etc.

NOTES ON UM:

- **Remember:** 25% of drivers in Florida have no insurance at all, and another 50% carry only the insurance required by law or have inadequate BI insurance coverage. This totals approximately 75% of drivers on the road that offer little or no compensation.
- **Beware:** Even if you are completely innocent in an accident, and are not at-fault, you can still get stuck with thousands or even hundreds of thousands worth of medical bills, loss of income, and a permanent injury that can devastate your life! UM coverage can prevent this from happening to you or a loved one.
- **If you have BI coverage** and decide not to purchase UM, your insurance company is required by law to have

you sign a form stating that UM was explained, offered, and you declined it.

- **Similarly, if you have two or more cars** on the same policy, and you decline “stacked coverage,” you may also have to sign a form stating you are rejecting stacked UM.

GAP INSURANCE

What is Gap Insurance: Gap insurance, sometimes called “totaled insurance,” provides valuable protection, if your “totaled” car is worth less than the amount of your bank loan or lease pay off. This is called being “upside down” or “underwater” on a loan.

Who needs Gap Insurance: Anyone who purchases or leases a new or older car with a loan for close to the fair market value of the vehicle, needs Gap insurance.

Why would you need Gap Insurance: Florida law only requires that insurance companies pay fair market value for totaled vehicles. This means, no matter who is at-fault, or you and the other driver have collision and property damage liability insurance, you can still end up paying out-of-pocket on a loan or lease for a car that is in the junk yard.

COLLISION AND COMPREHENSIVE INSURANCE

Collision and Comprehensive insurance are often confused. Both protect your vehicle in different ways.

COLLISION INSURANCE:

- Covers damages to your vehicle when you are in a collision.
- Pays even if you cause an accident that damages your vehicle.
- Collision insurance is especially valuable because one in four Floridians drive illegally without any insurance to cover property damage.
- Even if the at-fault driver has the required Property Damage liability insurance in the amount of \$10,000, it is often grossly insufficient to cover the cost of your damages.

Recommendation: I recommend that you purchase collision insurance to protect yourself from paying out of pocket to repair or replace your vehicle if:

- The damage to your car is more than \$10,000;
- The at-fault driver is driving illegally with no insurance;
- You cause an accident.

COMPREHENSIVE INSURANCE:

- Comprehensive insurance, also known as “other than collision” or “OTC” insurance, covers damage to your vehicle and its contents for things not covered under your collision policy such as: damage to personal items, vandalism, disasters, theft, fire, and impacts with animals.
- Comprehensive does not cover any vehicle damage as a result of a collision.

**MEDICAL PAYMENT INSURANCE
COVERAGE (MED PAY)**

**MED PAY COVERAGE AND
RECOMMENDATIONS:**

- I recommend Med Pay coverage of at least \$5,000 to protect yourself from having to pay out-of-pocket for medical bills that Personal Injury Protection (PIP) does not pay.
- If you do not have excellent health insurance, I recommend \$50,000 to \$100,000 in Med Pay coverage.
- Remember, PIP only covers 80% of your medical bills; you are responsible for the remaining 20%.

SUMMARY OF MY RECOMMENDATIONS TO BE ADEQUATELY INSURED

Insurance Coverage	Recommended Minimum Amount	For	Notes
Personal Injury Protection (PIP)	\$10,000 (required in Florida)	80% of <u>your</u> medical bills 60% of <u>your</u> lost wages.	Often used up in the ER. May be limited to \$2,500 if no emergency medical condition is determined by a medical doctor.
Property Damage Liability (PD)	\$10,000 (required in Florida) \$50,000 to \$100,000 recommended.	Damage <u>you</u> cause to <u>another's</u> property.	Does <u>not</u> cover damages to <u>your</u> vehicle.
Bodily Injury Liability (BI)	\$100,000 per person \$300,000 per incident (\$300,000 to \$500,000 as well as Umbrella/Excess Coverage if you have sizable assets.)	*Coverage for the <u>other</u> person(s) injuries when <u>you</u> <u>cause</u> an accident. *Protection of your <u>personal</u> assets. *Eligibility to purchase Uninsured Motorist coverage.	Does <u>not</u> cover expenses for <u>your</u> bodily injuries.
Uninsured or Underinsured Motorist Coverage (UM)	\$100,000 per person \$300,000 per incident (\$300,000 to \$500,000 as well as Umbrella /Excess Coverage, if you can afford it.)	*Protection for <u>you</u> and <u>your</u> family if injured in an accident caused by a driver with little or no bodily injury insurance. *Protects <u>your</u> personal assets.	Can "stack it up," if you own two or more cars.



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Gap Insurance	Depends on the fair market value of your car and the amount of your loan or lease.	Protects <u>you</u> financially, if your car is totaled and is worth less than the amount of your bank loan or lease payoff.	
Collision Insurance	Depends on the age and value of your vehicle.	Covers damages to <u>your</u> vehicle caused by a collision.	Does <u>not</u> matter who was at fault for the accident.
Comprehensive Insurance	Depends on the age and value of your vehicle.	Covers damage to <u>your</u> vehicle from things not covered by collision insurance.	Does <u>not</u> cover any vehicle damage resulting from an accident.
Med Pay	\$5,000, or if no excellent health insurance, \$50,000 to \$100,000.	Covers your out-of-pocket medical expenses for what PIP does not cover.	

ABOUT THE AUTHOR

Jeffrey Meldon



Florida accident attorney, Jeffrey Meldon, has been in practice helping accident victims for over 40 years.

Mr. Meldon's offices are located in Gainesville and Ocala (consultations only), Florida. He represents seriously injured people all over the state, with a majority in North Central Florida. Mr. Meldon focuses his practice on personal injury (accidents) and wrongful death cases.

Mr. Meldon is a proud Life Member of the  LIFE MEMBER MILLION DOLLAR ADVOCATES FORUM The Top Trial Lawyers in America™ Multi-Million Dollar Advocates Forum, a prestigious group of trial lawyers throughout the country. Membership is limited to attorneys who have won multi-million dollar verdicts, awards, or settlements for their clients. Less than 1% of U.S. lawyers are members of this forum.

Mr. Meldon is a longtime member of both the Florida Justice Association and the American Justice Association (the two most important personal injury trial lawyer groups). He utilizes their resources to help provide the best representation for his clients.

Mr. Meldon is proud of the talented professionals who work with him at Meldon Law, most of whom have been with him for many years.

Mr. Meldon is passionate about his work and finds great satisfaction in helping injured clients put their lives back together.

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Note: I will be more than happy to give you my recommendations on your policy coverage, if you mail, fax, or email me your insurance policy declaration page. It would be my pleasure to return it to you, with my notes, at no charge or commitment.

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