

Auto Insurance 101: A Crash Course in Coverage

To register and drive a car in Massachusetts, you must have auto insurance. We know that choosing the right coverage and understanding what to do after an accident can be overwhelming. That's why the Division of Insurance has put together some tips to help!

What kind of auto insurance do I need?

By law, everyone must purchase four coverages called Compulsory (or Mandatory) Coverages in, at least, the minimum amounts required by law, and in higher amounts if you choose to do so. These coverages help to pay for bodily injury or property damage arising from a car accident.

- Bodily Injury to Others pays for injuries you caused to someone else while operating your car. You must buy at least \$25,000 per person and \$50,000 if more than one person is hurt.
- Personal Injury Protection (also known as PIP) covers medical expenses for you and certain others if you're in an accident plus other related expenses including, but not limited to, up to 75% of lost wages and replacement services, up to a limit of \$8,000.
- Bodily Injury Caused by Uninsured Auto pays for your injuries caused by an uninsured or unidentified ("hit and run") driver. You must buy at least \$25,000 per person and \$50,000 total for all people injured by the uninsured auto in the accident.
- Damage to Someone Else's Property, also known as Property Damage, pays for damage to another person's property when you are at-fault for an accident. You must purchase a minimum limit of \$30,000.

How does the insurance company decide how much I pay for my coverage?

Insurance companies group you with other people who share your general risk characteristics - such as the number of years' driving experience, the vehicle you drive, and where you live. To calculate your individual premium (how much they will charge you), the company uses a base rate for your group, then adjusts it to reflect your individual risk factors such as your driving record and any discounts for which you are eligible. They collect enough premiums to cover expected future losses (which they determine by past and prospective loss experience and expenses) and expenses and other items. As the number of claims and the costs of those claims increase, so does the cost of insurance.

Why do some people have "comp and collision" on their policy and others don't?

Comprehensive and Collision coverage are optional coverages. You are not required by law to purchase them, and your total premium will increase if you buy these coverages because you are buying extra protection. Comp pays for damage caused by something other than a collision, such as flooding, fire and theft, falling branches or contact with an animal. Collision pays for damage

caused by the physical contact of your auto with another object, such as another vehicle, a guard rail, or a wall.

How do accidents and driving violations affect how much I pay for insurance?

Your insurer is required to report all at-fault accidents where they pay more than \$1000.00 in claims on your behalf to the Merit Rating Board (MRB). The MRB is a state agency that maintains operator driving history records. Your insurance company looks at your driving record and uses its own merit rating plan to determine if and how they will impose surcharges on your premium for at-fault accidents and traffic violations. Insurance companies can only use accidents and surcharges you may have had within a 6-year period but having an incident-free driving history (meaning no accidents or traffic violations) will always result in a lower premium, all else equal.

Can my insurance company add drivers to my policy without my permission?

You are required to tell the insurance company about all the people who drive your car on a regular basis. If your insurer determines that someone should be added to your policy, they can do so but they must tell you and give you an opportunity to refute their rationale or evidence.

Is my insurance company required to notify me if they cancel or non-renew my policy?

Yes. Your company must send you a notice at least 20 days prior to the effective date of the cancellation and 45 days prior to the expiration of your policy if they are non-renewing you. You can also change insurance companies at any point! Just make sure that you have coverage in place with another company, so you do not get penalized by the RMV for not having insurance.

For more information about auto insurance, visit our website: [Automobile Insurance | Mass.gov](https://www.mass.gov/info-details/automobile-insurance). For specific questions about your policy and coverage, it's best to read your policy or talk to your agent or insurer.