

Auto Insurance 102: A Crash Course in Claims

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!

My auto was declared a total loss following an accident. Is my insurance company required to give me the full amount to replace my car?

A total loss means that the cost of repairing the car exceeds the current value/worth of the vehicle. When this happens, your insurance company will only give you the actual cash value of the car as of the date of the loss, not the cost to replace it.

Your car's value is determined by the following factors:

- the retail value for an auto of like-kind and quality prior to the accident
- the price paid for the auto plus the value of prior improvements to the auto at the time of the accident, less appropriate depreciation.
- the decrease in value of the auto resulting from prior unrelated damage which is detected by the appraiser or for which a claim has been paid,
- the actual purchase cost of an available auto of like kind and quality.

Insurance companies can pick their own sources from which they derive their "total loss equations" from, such as NADA and Kelly Blue Book, and you have the right to ask the insurance company for their sources. If you disagree with the amount the company is offering, you can attempt to negotiate, but remember, the vehicle must be of like kind and quality, meaning if your vehicle is a model year 2018, you can't compare it to a model year 2025. You also have the right to go to arbitration if you disagree with the amount the company is offering, and you can't reach an agreement.

What is GAP insurance?

GAP (Guaranteed Asset Protection) insurance covers the difference between your auto loan or lease balance and the settlement your insurance company pays if your vehicle is totaled or stolen. Without it, you could still owe money on a car you no longer have. GAP coverage is often offered at the dealership when financing, but many insurance companies also provide it as an optional add-on or endorsement to your policy.

My windshield cracked. Will the insurance company replace it for free?

If you have comprehensive insurance you are covered for the full amount of the loss, minus the amount of any glass deductible you may have selected. While many companies default to having

no glass deductible, a glass deductible is permissible in Massachusetts. Your auto policy's declarations page will identify any deductibles you have, or you can ask your insurer.

I don't have comp and collision on my policy, and I was at-fault for an accident/ had a single-vehicle accident. How can the insurer deny my claim?

These optional coverages provide for payment if you are at-fault for an accident or if an animal ran out into the road or a tree branch fell onto your car. Because you haven't been paying the insurance company for this coverage, they aren't required to cover the loss.

If you are in an accident and the other party is at-fault, then their property damage coverage (which is a mandatory liability coverage) will be used to pay or help pay for the damage to your car that they caused.

Keep in mind that if your vehicle is older and isn't worth much, it may not be in your best interest to purchase these coverages since you wouldn't get a significant payment in the event of a total-loss anyway. It may be helpful to consult your agent if you have any questions on whether you should purchase these two coverages.

I was in an accident and can't replace my vehicle until the insurance company settles the claim. How long can the insurance company take to give me my money?

There are no specific time limits for the settlement of claims. Insurance companies legally must pay all claims in a prompt and reasonable amount of time. However, a "prompt and reasonable" amount of time may be different for each claim. Some claims that need a more thorough investigation may take longer to figure out. You can always file a complaint with our Consumer Service Unit if the company is not being responsive or dragging their feet.

For more information about auto insurance claims, visit our website: [Frequently Asked Questions about Auto Insurance Claims | Mass.gov](#)

For specific questions about your policy and coverage, it's best to read your policy or talk to your agent or insurer.