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QUESTION: What does the phrase “Full Coverage” mean?

ANSWER: Not very much. You may have all the ‘categories’ covered, but if you have low policy limits, it is not enough.

I. The Four Types of Coverages in an Auto or Motorcycle Policy

1. Liability

This provides coverage to you in the case that someone claims YOU are at fault for causing a motor vehicle accident.

If you have significant assets, you might consider an “umbrella” policy. An “umbrella” policy will provide coverage above the limits of the underlying policies, and provides an extra layer of protection if you cause serious injuries with your car or motorcycle.

2. Collision/Comprehensive

This coverage pays for repairs or a theft loss. If you are making payments and your motorcycle or car is ‘totaled’, you may owe more than it is worth! Consider buying “gap” coverage to fill the ‘gap’ between what you get for the motorcycle or car and what you owe on it. “Gap” coverage can be extremely helpful if you are making payments on your car and you are involved in an accident.

3. MedPay

This is similar to the old “No Fault” coverage. It provides for payment of medical bills without regard to fault. Coverage is usually \$5,000. This is good coverage to have as there is no “subrogation” for MedPay. This means you do not have to pay it back if you receive a settlement. **CAUTION:** Some insurance companies limit MedPay coverage to vehicles with four wheels. Ask your agent and check your policy carefully.

4. Uninsured/Underinsured Motorist Coverage (UM/UIM)

This coverage is very very important. **NEVER** waive UM/UIM coverage! Everyone has UM/UIM unless you reject it in writing. It is estimated that 13% of motorists in Colorado are driving without having any insurance whatsoever, and 25% of motorists are driving without having any liability insurance. If you are hit by one of these motorists, making a claim against their insurance is unlikely to get you anything at all. However, if you have UM/UIM, you are able to make a claim against your own insurance company. UM/UIM also provides coverage if the person who caused the accident has insurance, but in a low amount (the minimum required liability coverage in Colorado is \$25,000 – that will not pay for even one-half day at a hospital!).

There are ‘bodily injury’ and ‘property damage’ UM/UIM coverages. The ‘bodily injury’ covers you for any injuries you have where the medical bills are too high to get paid in full by the at fault driver’s

insurance coverage. The ‘property damage’ covers you if the cost to fix or replace your motorcycle or car is beyond what the at-fault driver’s insurance will cover.

II. Health Insurance, Medicare and Medicaid

There can be many issues that arise with these coverages.

As noted above, you must first use your MedPay coverage to pay any accident related medical bills. Then you are able to provide your health insurance information to your medical providers to pay your medical bills.

The health insurance carrier may argue that they are entitled to ‘subrogation’. That is where the insurance carrier takes money out of your personal injury settlement to get paid back for bills they have paid on your behalf. The ‘subrogation’ topic is very complicated and you should always consult an attorney about this. The main issue is whether or not the Plan is a ‘self-funded ERISA Plan’, but that is an oversimplification.

III. Other Suggestions/Comments

I have said it before but I will say it again, NEVER, EVER waive UM/UIM coverage.

If you have multiple cars or a car and a motorcycle on one policy, then you are limited to one UM/UIM recovery. But, if you put each car on a separate policy or the motorcycle and the car on separate policies, you may be able to ‘stack’ the coverages. ‘Stacking’ means you will be able to recover the UM/UIM benefits from both policies.

UM/UIM coverage is relatively cheap compared to what will happen if an at-fault driver does not have enough insurance coverage. Get as much UM/UIM coverage as you can, \$100,000 is not enough. To get high UM/UIM limits, the insurance company may make you buy high liability limits as well, so it is always best to shop around to find the best price.

If you have any questions on your specific policy, always ask your insurance agent. Having higher amounts of coverage can make your life a lot easier if you are ever in an accident so it is always best to know exactly what coverages you have and what the amounts are. Do not be afraid to pay a higher premium if it means that you will be completely covered in the unfortunate event that you get in an accident.

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Disclaimer: The above information is a general summary only. Insurance questions can be complicated so when in doubt, you should consult an attorney. Wade H. Eldridge has been an attorney in Colorado for forty-three years and has been representing individuals in personal injury cases for all forty-three years. Initial consultations on personal injury or criminal matters are always free.