LJJ Financial Coaching

A Clearer Path to Financial Peace

Auto Insurance 101:
Understanding Your Coverage

The purpose of **INSURANCE** is to **transfer risk** that you can't handle yourself.

1. Liability Coverage (Required in Most States)

Covers damage or injuries you cause to others. Includes: - Bodily Injury Liability (medical expenses, lost wages, legal fees) - Property Damage Liability (damage to others' property).

Important: Does NOT cover your own car or injuries.

Example: You rear-end another car → pays for their repairs and medical bills.

2. Collision Coverage

Covers damage to your own vehicle from collisions. Includes: - Accidents with another car - Hitting objects - Single-car accidents

Example: You hit a curb → helps pay for repairs. Note: Usually includes a deductible.

3. Comprehensive Coverage

Covers non-collision damage. Includes: - Theft, vandalism - Natural disasters - Falling objects - Hitting an animal

Example: A tree falls on your car → covered. Note: Also includes a deductible.

Coverage	Your Car	Others	Required
Liability	No	Yes	Yes
Collision	Yes	No	Optional*
Comprehensive	Yes	No	Optional*

**May be required if your car is financed or leased.*

Fully Funded Emergency Fund= High Deductible