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Insure Yourself Against the Uninsured

By Kenneth Szeto

It seems illogical at first. California law mandates that every driver carry liability insurance, in part to protect others that he or she may accidentally harm. So why pay an additional premium to cover yourself against an accident caused by someone without insurance? Because when we are the victims of automobile accidents, we cannot hand pick the people who cause the accident or the insurance coverage that he or she may carry.

Consider the fact that most of us will not be the victims of an automobile accident caused by employees of Pepsi, Starbucks, Microsoft or some other large corporate conglomerate with deep pockets. Nor will the typical accident be caused by a state police officer, a federal postal worker, or someone else working for a public entity with vast government resources. Rather (as is the case in many instances in California), accidents are caused by uninsured drivers or drivers who carry the absolute minimum insurance required by law.

Suppose that you are the victim of an accident and the party at fault is uninsured. Your options are quite limited. You can safely assume that someone driving around without insurance does not have a reserve of assets set aside to pay for the property damage and medical injuries he or she has caused. Additionally, even if the uninsured driver was financially solvent, procuring a judgment and then enforcing it is a long and arduous process that often yields little to no results.

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Another important consideration that may not cross most people's minds is that medical care related to automobile accidents is expensive and can quickly spiral to unmanageable levels. While most people recognize the exorbitant costs associated with catastrophic injuries, few people realize just how much even a modest accident with seemingly minor injuries can cost. Even your typical rear end accident, which

commonly occurs while stopped on the freeway or at a red light, can lead to an array of doctor's visits including chiropractic treatment, x-rays, and MRIs. This is usually coupled with lost time at work, giving rise to claims for wage loss. When you add in some damages for pain and suffering, and property damage to the person's vehicle, one could be looking at anywhere between \$15,000 to \$25,000 in total damages suffered.

So even when a modest accident can lead to damages exceeding California's required minimum for insurance (\$15,000 for personal injury, \$5,000 for bodily injury), it becomes evident why everyone should undoubtedly carry uninsured/under-insured motorist coverage. And given the minimal increase in one's premium, carrying the maximum allowable under your policy is advised.

Uninsured motorist coverage yields additional benefits. Ironically, when it comes time to negotiate the claim, the insured is actually in a better position than if the driver was carrying his or her own insurance. Separate rules apply when your own insurance company must compensate you for an accident that is not your fault. Although your insurance company has stepped in and "acts" as the other driver's insurance company, it technically remains on your side and is bound by law to help resolve the claim in a reasonable, timely and fair manner. You are the company's own insured, it's own customer, and not a third party. In other words, when applying uninsured motorist coverage your insurance company owes you the duty of good faith and fair dealing.

Carrying a large liability policy with little or no uninsured motorist coverage is basically saying, "In case I cause a large accident, I will make sure to protect you...random driver who I have never met; however, in the event that you cause the accident, I will just cross my fingers and hope that you make sure to protect me." While this good Samaritan outlook is naively optimistic, it is neither realistic nor responsible. In a perfect world everyone would carry adequate liability insurance to protect against the accidents they cause. But we do not live in such a utopia. And while California has tried to set some requirements with respect to coverage, everyone needs to protect themselves, their families and their loved ones.

Under the California Insurance Code, a carrier requires that you be allowed to carry at least as much uninsured motorist coverage as liability coverage. Though rates differ from carrier to carrier, increasing your under-insured motorist coverage usually comes at a remarkably reasonable premium. So go maximize your uninsured motorist coverage today and give yourself the same coverage that you are affording others.

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