

# Cultural Daily

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## About Car Insurance in the USA

Our Friends · Monday, July 20th, 2020

Vehicle Insurance is protection against the risk of loss of a motor vehicle. There are high chances that the motor vehicle can get involved in an accident. In order to safeguard that risk, car insurance is issued. There are some states where car insurance is mandatory. The insurance company bears the risk on behalf of the car owner in return for periodical installments called 'premium'. The one who pays the premium or we can say the car owner is called the 'insured'. One can have a policy according to his choice and **budget auto insurance** is also available.

The insurance company and the insured both come into the contract and the company agrees to pay a pre-decided amount in case there is any damage to the vehicle. There are terms and conditions that both parties agree upon in advance. Also, the premium is decided based on certain factors such as type of vehicle, marital status, location of storage of the vehicle, driving history, age and gender of drivers if covered and many more. The insurance company provides the insured with an insurance card which one has to keep in the vehicle so that in case of an accident, it can be presented. In case there is no physical presence of the card, the electronic form of card is also acceptable.

Here are a few features of car insurance in the USA:

### Coverage

Consumers get different coverage under insurance varying according to the plan they have opted for. Coverage is usually like 100/300/100. The first two numbers that are 100/300 depicts medical coverage. And the last number states for property damage. The damage can cover anything that is harmed by the insured's vehicle. One can also purchase a cover for another driver who is uninsured or underinsured.

### Insurance companies

There are certain insurance providers in the USA that provide for auto insurance. One can choose according to his preference that which company is best. The insurance company bears risk on behalf of the insured party in return of premium.

### Liability Coverage

Sometimes the insurance providers provide for liability coverage as well. The liability is where the insured is responsible for some bodily or property damage. The company may provide for that as

well. The variation of jurisdiction decides the amount of liability coverage.

### **Compulsory insurance**

In most states, liability for injuries and property damage is compulsory but mostly it varies from state to state. In states like Virginia, it is not compulsory to have auto insurance. The residents must pay an annual fee to the government if they are not willing to buy liability insurance. The least required from an owner is to buy third party insurance to protect them against any possible losses.

### **Penalties**

Usually, the penalties differ from state to state if someone does not buy auto insurance. It might include charging fine, license suspension or in some cases jail for some time.

So, these are the features of auto insurance in the USA. It is not necessary to spend huge amounts on insurance; one can go for **budget auto insurance** as well.

*Photo by [Liviu Florescu](#) on [Unsplash](#)*

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