

The California Department of Insurance provides crucial information regarding auto insurance for residents, emphasizing that liability insurance is mandatory with minimum coverage limits of \$15,000 for bodily injury or death of one person, \$30,000 for two or more persons, and \$5,000 for property damage per accident. These limits will increase on January 1, 2025, to \$30,000, \$60,000, and \$15,000, respectively. Driving without liability insurance can lead to significant penalties, including fines and potential license suspension. Auto insurance is designed to protect individuals from financial hardship in the event of an accident, covering costs related to property damage, bodily injury, and additional expenses such as towing and rental cars. Policyholders are encouraged to consider additional coverages like comprehensive and collision for physical damage, as well as gap coverage to address any remaining loan balance after a total loss. It is important to shop for insurance by comparing policies and understanding the various coverage options available, as each type protects against different risks. The document highlights the importance of safe driving practices, particularly for younger drivers, who statistically face a higher risk of accidents.

Insurance premiums are influenced by factors such as driving experience, mileage, and accident history, with new drivers often facing higher premiums that may decrease with experience and a clean driving record. Premiums can increase due to tickets or accidents, and consumers are advised to compare quotes from multiple companies and consider adjusting deductibles and coverage limits to save on costs. When a new driver obtains a license, they may be covered under their parents' policy but must be added for a premium charge. The document encourages individuals to take responsibility for their insurance needs and to proactively understand their coverage options and obligations.

The policy document outlines that insurance companies have discretion regarding when to start charging additional premiums, often waiting until a driver's license is issued. Premiums are typically due in full upfront, although many companies offer payment plans requiring a down payment and possibly service fees for installments. It is essential to read financing contracts carefully, as

policyholders may still owe the full premium to the financing company even if the auto policy is canceled mid-term. If a premium is not paid on time, the insurance company must provide a 10-day notice of cancellation, meaning coverage will lapse if payment is not received by the due date. Policyholders are required to update their insurance company with any changes in mailing or garaging addresses, particularly if attending college in another state, where new insurance may be necessary if the current insurer does not operate there. Some insurers offer discounts for full-time students maintaining a B average, though this varies by company. While standard policies generally cover friends borrowing a car, regular use by a friend may not be covered, and some policies may exclude coverage for non-policyholders. In the event of an accident, it is crucial to exchange personal and insurance information, document the scene, and report the incident to the insurance company promptly. For further assistance, the California Department of Insurance provides resources and a consumer hotline for inquiries and complaints regarding auto insurance, including issues like claim denials, policy cancellations, and unfair practices, while emphasizing the importance of ensuring that all parties involved in insurance transactions are properly licensed.