



What on earth is UM/UM?
What does stacking mean for Pennsylvania drivers?
What if I have only one vehicle on my policy?

On average, over 12% of U.S. drivers drive without insurance (2012 data). More yet drive with extremely low limits, making them unlikely to be able to compensate you if they cause an accident in which you and your family suffer a material loss, or worse are physically hurt and need medical attention. In your insurance policy, these two types of drivers are generally referred to as Uninsured Motorists (UM) and Underinsured Motorists (UIM). This brochure is designed to help you better understand your coverage options.

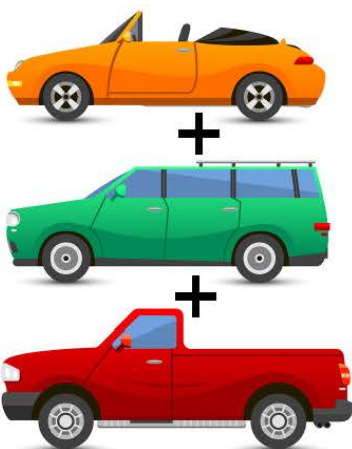
Think of the auto policy as a puzzle made of different pieces. You decide how much of the puzzle you will put together. The more pieces are on the table, the more protection you have: liability (also called financial responsibility) covers the cost of your negligence when hurting others or damaging their property; first-party benefits protect you regardless of negligence; comprehensive (“Comp”) and collision offer two different levels of protection against damage to your vehicle. UM/UIM and Stacking are two additional pieces of that puzzle.



Understanding UM/UIM

Underinsured Motorist (UIM) and Uninsured Motorist (UM) coverage is designed to protect you against negligent individuals who drive without sufficient insurance limits, or without insurance at all. It also protects you against hit-and-run drivers, or when the negligent driver’s insurance company denies coverage or has become insolvent. Keep in mind that while it protects you, the coverage is only activated and available when the other driver is at fault.

About UM/UIM limits—Your insurance agent will ask you if you want UM or UIM coverage, or both, and what limits you wish to have available to you. The law prohibits you from selecting UM/ UIM limits that are higher than the limits you selected to cover your liability for injuring others. So if you want higher limits of UM/UIM, you must increase your liability limits for bodily injury as well. That’s to prevent negligent drivers from taking better care of themselves than of the people they hurt.



When does stacking come in, and what does it do?

If you have multiple vehicles, and are paying a UM/UIM premium for each, the law gives you the option to add (or “stack”) the UM/ UIM coverage for all the vehicles insured under the policy for a price. Under limited circumstances, stacking may be allowed with vehicles insured under different policies. Generally, the policies will all have to be in the name of the same individual and with the same insurer, but other factors could be required as well.

If you have multiple vehicles insured under the same policy, the math is easy: stacking allows you to add the liability limits from the different vehicles. If you are injured by an at-fault driver who is uninsured or underinsured, you can use your stacked UM/UIM limits to pay for medical bills or other related expenses. Depending on other selections you made under your policy (see our brochure on Full Tort v. Limited Tort) or on how serious your injuries are, you may also use UM/UIM to compensate for pain and suffering.

Let's use an example:

You are hurt by an at-fault driver and end up in the hospital for several days with a bill of \$125,000. Your health insurance has a large deductible. You also had to pay someone to care for your children while in the hospital. The at-fault driver carried \$15,000 of liability for bodily injury.

- If you selected UM/UIM for a \$50,000 limit, you insured 3 vehicles under the policy, but *did not stack*, you would be able to access the additional \$50,000 of coverage.
- If you selected UM/UIM for a \$50,000 limit, insured the 3 vehicles under the policy, but *chose stacking*, stacking would provide \$150,000 of extra coverage (\$50,000 times 3 vehicles) to cover the \$125,000 in medical costs and the child care expenses you incurred because of the other driver's negligence.



What if I only have one vehicle? If you only have one vehicle, the ability to “stack” is less obvious, and frankly less common. Your ability to collect stacked UM/UIM limits from separate policies is more limited, and completely depends on the circumstances of the accident, whether or not you are eligible for UM/UIM benefits under the other policy, whether that policy would permit stacking of multiple vehicles under multiple policies, and more generally how that policy is worded (some common exclusions can restrict your right). That's a lot of ifs. And it's very difficult to determine upfront. Also, keep in mind that the claim could involve a policy that is not insured through our agency.

How much does it cost? You guessed it: stacking is more expensive, and waiving stacking will give you a discount. The price differential depends on many factors, including the insurance company, type of vehicle and driver characteristics. If you'd like, we can give you a quote with and without stacking. If you only have one vehicle and feel that the price difference could be put to better use by increasing your first-party benefits, securing higher medical benefits or even extraordinary medical benefits, or simply increasing the UM/UIM limit, we will be happy to give you an alternative quote and allow you to compare the two.



What to do? Selecting UM/UIM and stacking is your decision to make. If you are more concerned about medical costs, about the availability of coverage regardless of who's at fault, if you have only one vehicle and therefore fewer opportunities to benefit from stacking, and/or if you feel that the price differential is better used by increasing your coverage elsewhere, always remember that you have different options. You can select higher medical benefits, or even extraordinary medical benefits up to \$1,000,000. One advantage of increasing your first-party-benefit limits is that it would cover you and other insureds under the policy even if you

were the one who caused the accident. UM/UIM and stacking protect you, but only when the other party is both at fault and either uninsured or insufficiently insured. Ultimately, this is your decision, and yours alone to make.

DISCLAIMER – Things you need to know:

- *The information in this brochure is intended for Pennsylvania residents/drivers only, based on state-specific requirements and options for coverage; it is not applicable outside of Pennsylvania.*
- *This document is meant for informational purposes only. It is not a legal opinion and should not be relied upon as such. The intent of this document is to provide a general background regarding the topic or topics discussed, not to provide legal advice. We cannot describe every possible claim circumstance, and the examples provided above are not meant to cover every scenario, but simply to show how certain types of coverage are meant to operate, and why.*
- *Not all policies of insurance are the same, and all illustrations used here to explain coverage are barring any applicable exclusion. In all instances, policy language will prevail.*
- *Ultimately, any coverage decision must be made by the applicant/policyholder.*

