

Understanding Insurance

Louisiana Department of Insurance encourages consumers to ask questions before purchasing an insurance policy. It pays to understand what you're purchasing so there are no surprises if you ever need to file a claim. Here is a list of some common insurance misconceptions.

Health Insurance will pay the same, no matter where I receive care.

Insurers negotiate payment rates with networks of providers. If you use a provider outside your insurer's network, your insurer may not cover the entire bill and you may be required to pay more out-of-pocket. Check to see if your provider is in your insurer's network to avoid a surprise bill. [Click here](#) to watch a video on what to look for in a health insurance network.

My state's minimum auto liability coverage is sufficient.

If you're at fault for an accident where you damage an expensive vehicle or more than one vehicle, your minimum property damage limits might not cover the full costs of the damage. Have you checked what your liability limit is for bodily injuries? Serious injuries or even death can translate into millions of dollars in settlement fees. In this case, you're personally responsible for the costs not covered by your auto insurance policy.

I only need collision and liability coverage for my vehicle.

Liability coverage protects you and your family if you're at fault during an accident and will cover damages to property, vehicles or people up to your policy limits. Collision coverage will cover costs to repair your vehicle (minus the deductible) in a collision such as hitting a pole, vehicle or other object. However, if your vehicle is stolen or flooded or if you hit a deer, you'll need comprehensive coverage to recoup your loss. Think about all your risks and the potential costs of replacing a vehicle when deciding on coverage

If I lend my car to a friend and they crash, their insurance will cover it.

Auto insurance follows the vehicle, not the driver. Therefore, your insurer would bear the primary responsibility for any damage a friend causes while borrowing your vehicle. If the damage exceeds your policy limits, then your friend's policy may kick in as secondary.

Homeowners insurance means I'm covered for flooding losses.

Flood insurance is not covered as part of standard homeowners and renters insurance policies. If you want to be covered for flood damage, you will have to purchase coverage specific to flooding. If you live in a flood zone or if your home could be flooded by an overflowing creek or pond or even water running down a hill, look into buying flood insurance. And buy it before you need it as there is a 30-day waiting period after purchase before coverage takes effect. Learn more about flood insurance [here](#).



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