

Why do I need auto insurance?

Nearly every state, including Maine, has a legal requirement to buy car insurance if you're going to drive a vehicle on the road. The two states that don't – Virginia and New Hampshire – have laws that essentially make it required, though technically it's not mandatory.

For example, Virginia requires you to pay \$500 a year to be able to legally go without car insurance, while New Hampshire requires proof that you have the financial assets to pay for any damage you would cause, equivalent to other state's minimum liability coverage.

Legal requirements aside, it can be too costly not to have car insurance. Serious accidents and deaths happen every day and without car insurance, you could be responsible for hundreds of thousands of dollars worth of injury expenses if you cause it.

Car insurance can also protect your financial investment in your vehicle. Many new vehicles cost at least \$30,000, whether financed or not. If you spend the money one time but your uninsured vehicle gets totaled, you'll have to spend that money again if you want a new car. But if you have car insurance you'll get most, if not all, of that \$30,000 back.

What is auto insurance?

Car insurance provides you with insurance coverage if you're responsible for an accident and somebody else gets hurt or suffers property damage. This liability coverage can include

settlement costs, legal defense costs in court, and the dollar amount that you're responsible for to the injured person or property.

Liability is the part of car insurance that's required by nearly every state, though it's not the only thing covered by car insurance. You can also protect your own vehicle for physical damage to it, as well as add on various other coverage options.

Most auto insurance policies are effective for either 6 or 12 months at a time. During that policy period, your rates are locked in and can't change unless you make a change to your policy. Once your policy renews, you could receive new rates, either higher or lower, that will be locked in again during your next policy period. □

What is commercial property insurance?

Commercial property insurance is the type of business insurance that covers your business's physical property, equipment, and possibly stock and inventory. Basically, it can cover your office building and nearly anything that's inside it.

Commercial property insurance typically is part of something called a commercial package policy. A commercial package is made up of various types of commercial insurance, including commercial property, general liability, and could include other types of insurance as well.

It's common to have both your commercial property insurance and

your general liability insurance with the same company, which creates a package policy. However, this isn't usually required and there are many insurance companies that will just insure your commercial property, while another company will insure your general liability.

What is general liability insurance?

General liability insurance, also known as commercial liability insurance, is a broad commercial insurance policy covering general liability exposures of a business.

General liability provides insurance protection for a company's assets, financial obligations, legal defense, and any settlements or judgments awarded to an injured party.

It may also include claims for copyright infringement, false or misleading advertising, or libel and slander. If a patron is injured in some way in the course of doing business with your company, your general liability insurance will provide coverage.

Allen Insurance and Financial recommends that all businesses have general liability coverage in place.

What is the difference between market value and replacement cost?

Market value is the amount a buyer would pay for the home and land in its current condition. It is influenced by factors such as proximity to good schools, local crime statistics, and the availability of similar homes.

Replacement cost is the cost to replace the entire home. When you insure your home for its estimated replacement value, your insurer will reimburse you for the cost of rebuilding your home, subject to policy limitations, based on the size and structure of the home that was lost.

Replacement cost is not:

- The market value of the home
- The home's purchase price
- The cost of the land
- The outstanding amount of any mortgage

What does a homeowners

insurance policy cover?

Unless the cause of loss is excluded in the policy, a homeowners policy provides coverage for personal liability, medical payments to others and accidental direct physical loss to your dwelling.

In addition, the policy provides coverage for your personal property for specific perils including, but not limited to:

- Fire
- Lightning
- Windstorm
- Hail
- Theft