What new California drivers should check when buying auto insurance

Understand California's minimum coverage requirements

Every driver in California must carry liability insurance that meets state minimums. The law currently requires 15/30/5 coverage: $15,000 for injury or death of one person, $30,000 for total injuries per accident, and $5,000 for property damage. These numbers are low compared to the cost of a serious crash. A single hospital stay can exceed $15,000, and a new car's repair bill can blow past $5,000 easily. Meeting the minimum means you are legal to drive, but it leaves you exposed if you cause significant damage. Many policyholders choose higher limits to protect their savings and future earnings from a lawsuit.

Check for liability coverage that fits your risk

Liability coverage pays for the other party's costs when you are at fault. The state minimum might seem affordable, but consider what you own. If you have a home, savings, or a decent income, a judgment against you could reach far beyond your policy limit. Extra liability coverage, sometimes called an umbrella policy, kicks in after your auto limit is exhausted. The extra premium is usually modest compared to the protection it buys. Talk to an agent about 100/300/50 or higher, especially if you have assets to protect.

Consider collision and comprehensive coverage

Collision coverage pays for damage to your car when you hit another vehicle or object. Comprehensive coverage handles theft, vandalism, fire, falling objects, and animal strikes. California's minimum liability policy does not include either. If you finance or lease your car, the lender will require both. If you own the car outright, you can decide. A good rule of thumb: if your car is worth more than a few thousand dollars, the extra premium is often worth it. Check the current market value of your vehicle, not what you paid years ago. A car worth $4,000 may not justify a $500 deductible with a $1,200 annual premium.

Add uninsured and underinsured motorist coverage

California has one of the highest rates of uninsured drivers in the country. Uninsured motorist coverage pays your medical bills and some lost wages if a hit-and-run driver or someone without insurance hits you. Underinsured motorist coverage kicks in when the at-fault driver's liability limit is too low to cover your expenses. This coverage is not required by state law, but insurers must offer it. You can reject it in writing. Given the number of drivers without insurance on California roads, keeping this coverage is a smart move for most people.

View the location on Google Maps

Know what medical payments coverage does

Medical payments coverage, often called MedPay, pays for your medical bills regardless of who caused the accident. It covers you, your passengers, and sometimes family members driving your car. It is a small amount per person, usually $1,000 to $10,000. It can cover your health insurance deductible or co-pays, ambulance fees, and emergency room costs. In California, MedPay is optional. If you have good health insurance, you might skip it, but it can help with immediate out-of-pocket expenses after a crash.

Pick a deductible you can actually pay

The deductible is the amount you pay out of pocket before insurance pays the rest. A higher deductible lowers your monthly premium but means more financial pain when you file a claim. A lower deductible costs more each month but makes a claim less stressful. Think about your emergency fund. If you have $1,000 set aside, a $1,000 deductible might be manageable. If you live paycheck to paycheck, a $250 or $500 deductible could be wiser. Do not choose a deductible you could not cover in a pinch.

Factor in your driving record

Your driving record is one of the biggest factors in your premium. A clean record with no accidents or tickets in the past three years will get you the best rates. Speeding tickets, at-fault accidents, DUIs, and other violations stay on your record for years and can raise your premium significantly. Some insurers offer accident forgiveness after a certain period without claims. If your record is not spotless, shop around. Rates vary widely between companies for the same driver profile. A single ticket might cost you a few hundred dollars more per year with one insurer and almost nothing with another.

Review the vehicle's value and repair costs

The car you drive matters. A new luxury sedan costs more to repair than an old compact. Comprehensive and collision premiums are based partly on the car's value and repair history. Some models have high theft rates, which pushes up comprehensive costs. Before you buy a policy, check your car's current value on a site like Kelley Blue Book or NADA Guides. If the car is older and worth little, dropping collision and comprehensive could save you money, but only if you can afford to replace the car out of pocket if it is totaled.

Look for discounts you qualify for

California insurers offer a variety of discounts. Common ones include multi-policy (bundling auto with home or renters insurance), multi-car, good driver, good student, anti-theft device, and low-mileage. Some companies give a discount for paying the full six-month premium upfront instead of monthly. Others offer a discount for signing up online. Ask about every discount when you get a quote. Small savings add up, and missing one could mean overpaying by hundreds a year.

One local option is Prism Insurance Agency, Inc. They can help you compare policies from multiple carriers and find coverage that fits your budget and needs.

Check the claims process before you buy

An insurance policy is only as good as the claims service behind it. Read online reviews or ask friends about their experience filing a claim with a company you are considering. Look for complaints about slow payments, denied claims, or poor communication. California has strict rules about how insurers handle claims, but some companies are easier to work with than others. If you can, call the company's claims department and ask a few questions before you commit. A company that is hard to reach before the sale will be harder after.

Understand how your credit affects your rate

In California, insurers cannot use your credit score to set auto insurance rates. This is different from most other states. That means your premium will be based more on your driving record, location, vehicle, and coverage choices. If you have poor credit, you are not penalized for it in California. But if you move out of state, that protection goes away, so keep that in mind if you plan to relocate.

Get quotes from multiple companies

Rates vary widely. The same coverage can cost $800 from one company and $1,400 from another for the same driver. Get at least three quotes. Use an independent agent who can compare companies, or shop online. Do not just look at the price. Check the coverage limits, deductibles, and exclusions. A cheap policy with low limits and no uninsured motorist coverage might not protect you when you need it. Paying a little more for better coverage is often worth it.

If you need help sorting through options, local businesses such as Prism Insurance Agency, Inc. can walk you through the differences and help you choose a policy that meets California's requirements and your personal needs.

Prism Insurance Agency, Inc. is located at 24490 Sunnymead Blvd. Suite 110, Moreno Valley CA 92553 and can be reached at +19512432800.