

At     [Clinard Insurance Group in Winston Salem, NC](#)     , we handle  
    [NC car insurance](#)    

for thousands of clients and in that time we have had clients come to us with policies written by other agents that just don't make sense.

Yes, it is possible and in fact common for people to be both under insured and over insured with their

    [auto insurance policy](#)    

Let's start with the over insured problem. With the down economy, more and more people are keeping their cars longer and that means that they are driving cars that have less and less value. Yet few people call their insurance agent to update their policy to account for this. Since the collision coverage is going to cover the depreciated value of the vehicle in an accident, over time they are paying more to insure less.

This results in over insurance and is quite often a waste of your valuable insurance dollars.

Now let's take a look at the under insurance problem. This one is extremely common and much easier to understand. In North Carolina, car insurance is required by the state in order to obtain and keep your license tag.

For this reason, many people buy the insurance just to be able to license the vehicle without thinking carefully through what they are buying.

You should ask yourself, how much will it cost if I cause a severe, multi-vehicle accident?

Then check your policy to see if you have enough liability coverage to pay for it all.

Another way to view this might be to just ask yourself, “If I cause an accident that runs up a \$450,000 (you pick the number) bill, how much of that do I want to pay for myself?”

Now to take my point to the next level, consider the dollar for dollar cost of liability insurance verses collision insurance. An average [auto insurance policy in NC](#) would cost \$125 for \$100,000 per person of liability insurance.

That means each \$100 of insurance protection would cost you about 12 cents.

But collision insurance is much more expensive. If you are driving a car that is worth \$10,000 and you are paying \$140 a year for collision insurance with a \$500 deductible, then your cost of insurance is \$1.68 for

each \$100 of insurance.

Which of these types of protection is more expensive?

Collision of course and by a wide margin.

Which one of these coverages is more important?

I would argue that the liability insurance is more important.

Here you are protecting yourself from a large, unknown amount of loss.

If you get this one wrong you could lose your home, your retirement, your savings and your kids' college fund.

If you miss on the collision coverage, yeah you could lose your car but it ends there.

If you are unsure about your [car insurance](#) and would like some help understanding how best

## Car Insurance – Are you both under insured and over insured?

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to spend your insurance dollars, please give us a call.

At

[Clinard Insurance Group in Winston Salem, NC,](#)

we specialize in helping people all over NC with their NC auto insurance policies.

You can reach us, toll free, by calling 877-687-7557 or visit us on the web at

[www.ClinardInsurance.com](http://www.ClinardInsurance.com)

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