

## **What Is Uninsured and Underinsured Motorist Insurance?**

Legal View

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Uninsured and Underinsured Motorist (UM/UIM) insurance covers situations where another motorist injures you or a family member, and is either uninsured (no coverage at all), or is carrying inadequate insurance to fully compensate you for your injuries and damages. The minimum limits required by Colorado law for liability coverage (if you injure someone else) are only \$25,000. If the amount of your medical bills and damages exceed the other party's insurance coverage, your UM/UIM coverage can be "triggered" to cover you for the excess damages. UM/UIM coverage is optional in Colorado, and if you do not decline such coverage in writing, your carrier must provide a minimum of \$25,000 in coverage. UM/UIM coverage protects you even on a motorcycle, bicycle or as a pedestrian, as long as a motor vehicle collision is involved.

### **How Does UM/UIM Work?**

Some examples of how UM/UIM coverage can apply may be of some surprise. Take for instance, you or a family member are lawfully walking through a crosswalk at a parking lot and are struck by a motor vehicle. If the pedestrian suffers injuries that resulted in \$100,000 in medical bills, and the at-fault driver only had the minimum of \$25,000 in liability coverage, the driver would be *underinsured*. If the driver had no insurance at all, then it would obviously be an *uninsured* event, at least as to the driver of the car. The injured pedestrian would want to check with their own automobile insurance policy to see if the policy carried optional UM/UIM coverage. If so, the pedestrian would contact their own carrier and make a claim for UM/UIM coverage. The pedestrian's vehicle does not need to have been involved in the incident, just have UM/UIM coverage. The injuries would be covered above the liability carrier limits, or take effect immediately if there was no liability coverage in effect at all. This is called a "first party" claim, as compared to a "third party claim" against another driver. The pedestrian would settle the claim with their carrier and would be able to seek compensation up to the limits of the policy.

### **What Other Situations Does UM/UIM Insurance Cover?**

UM/UIM coverage protects you and certain family members if injured in their own vehicle, operating or riding as a passenger on a motorcycle, riding a bicycle, or walking along a road. Your UM/UIM coverage will also protect you if you are injured while riding as passenger in another person's vehicle. There are complexities associated with such claims, such as reimbursement to health insurance companies, Medicare or Medicaid, hospitals or other medical providers based on the circumstances. Colorado also allows "stacking," so you may be able to combine several policies (including applicable umbrella policies) to maximize your available coverage. Importantly, you must notify your UM/UIM carrier of the claim immediately and obtain their consent if you settle with another party first.

Including UM/UIM coverage with your auto policy offers excellent protection at a time when it is sorely needed. Check your policy or ask your insurance agent if you are carrying UM/UIM coverage to protect yourself from those who fail to be adequately insured.

Do you have a legal question? Send your inquiry to attorney [Jeff@klfpc.com](mailto:Jeff@klfpc.com). Appointments are available in both Black Hawk and Denver offices.

*Note: While every effort has been made to ensure the accuracy of this information, it is published for general information and not intended to provide specific legal advice as individual situations will differ and require full analysis by an attorney of the specific facts involved.*