

Insurance Corner: Auto Liability - Split limit vs. CSL

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This week we will explore the personal automobile policy and the liability coverage it provides. Before we begin, it's important to remember that liability pays others when you are liable for causing injuries and/or damaging the property of others, not damage to your own vehicle. I encourage you to pull out your current auto policy while we review how different types of liability work.

There are two common types of liability limits, split limit and combined single limit (CSL). The standard (split) limit format looks like this:

\$100,000 ea. person/ \$300,000 ea. accident/ \$50,000 property damage (a.k.a. 100/300/50)

This means in an accident there is bodily injury coverage of up to \$100,000 per person with a maximum of \$300,000 and \$50,000 for property damage (another car, building, etc.). Let's look at an example to see how it really works:

Let's say Suzy has the liability limits listed above and on a bright spring day is blinded by the sun, runs a red light, and hits an Escalade causing a bad accident.

1. The Escalade driver is injured and requires \$15,000 of medical care.
2. The Escalade's passenger needs \$150,000 of medical care.
3. The Escalade, worth \$60,000, is totaled.

The total bill for the bodily injury and property damage is \$225,000, and thankfully Suzy has insurance, but is this accident fully covered under her current liability limits?

The answer is no. Despite the \$300,000 bodily injury limit, the sub-limits for bodily injury and property damage are only \$100,000 and \$50,000 respectively. This leaves her responsible for a whopping \$60,000, despite having insurance. What is the solution?

Rather than three separate limits, a combined single limit of liability (CSL) policy provides one amount of coverage to use as needed for the expenses resulting from an accident. What would the CSL of our sample policy be? The middle number establishes the combined single limit, in this case \$300,000. Would the accident then be fully covered under a CSL? Yes, it would cover the entire \$225,000.

While this example shows a scenario where the CSL provides better coverage, there are other scenarios where split limits may provide more complete coverage. The important issue is that you understand the difference between these two types of coverage and then make an informed purchasing decision. The best way to improve coverage in today's world of higher medical, vehicle, and litigation expenses is to increase your liability limits or purchase an umbrella. Next week we will explore the personal umbrella.