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What Is Auto Liability Insurance?

FA) *Updated: January 2019*

Auto liability insurance is a type of **car insurance (/auto-insurance.aspx)** coverage that's required by law in most states. If you cause a car accident — in other words, if you are liable for the accident — liability coverage helps pay for the other person's expenses.

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Auto liability coverage comes in two forms: bodily injury liability coverage and property damage liability coverage. Drivers in most states must have both types of coverage.

What Is Auto Liability Coverage? | Allstate Insurance

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WHAT IS COVERED BY LIABILITY INSURANCE?

Auto liability insurance helps cover another person's medical expenses and property damage via these two types of coverage:

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Bodily injury liability coverage (sometimes abbreviated as "BI")

If you're at fault for an accident that injures another person, bodily injury liability coverage helps pay for their medical expenses.

Property damage liability coverage (sometimes abbreviated as "PD")

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If you cause an accident that damages someone else's property (their car, for example), property damage liability coverage helps pay for repairs.

LIABILITY INSURANCE COVERAGE LIMITS

The amount your insurer will pay for a covered liability insurance claim depends on the coverage **limits (/tr/insurance-basics/limit.aspx)** you choose. Each state sets minimum coverage limits for bodily injury liability and property damage liability that drivers must purchase, but you may decide to buy additional coverage. You may see three liability coverage limits on your car insurance policy:

Property damage liability limit.

This is the maximum amount your insurer would pay to repair damage you cause to another party's property. The maximum payout would not exceed the limit you've set.

Bodily injury liability limit per person.

This establishes a maximum payout for each individual who is injured in an accident that you cause.

Bodily injury liability limit per accident.

This sets a cap on the total amount that your insurance provider will pay out for all medical expenses other people incur from a single accident you cause. It's

important to set this limit at an amount that makes you comfortable, as it may be needed to help pay for the medical expenses incurred by multiple people. <https://www.allstate.com/tr/car-insurance/liability-car-insurance-cover.aspx> [Log in](#)

Most insurers package bodily injury and property damage limits together. For example, you may be able to purchase auto liability coverage with limits like the following:

25/50/10 (\$25,000 BI per person limit, \$50,000 BI per accident limit, \$10,000 property damage limit)

or

FA) 100/300/50 (\$100,000 BI per person limit, \$300,000 BI per accident limit, \$50,000 property damage limit)

You may have to select your coverage limits from the packages your insurer offers — in other words, you may not be able to choose standalone limits for bodily injury or property damage coverage.

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HOW MUCH LIABILITY INSURANCE SHOULD YOU BUY?

Any costs that exceed your liability coverage limits are your responsibility — in other words, you'd have to pay them out of your own pocket. That's why it may be a good idea to increase your auto liability limits above the state's minimum requirements by purchasing more coverage.

Consider the following: You are at fault for a crash that injured three people in another car. Your bodily injury liability limit per person is \$50,000 and your bodily injury limit per accident is \$100,000. If Person 1's medical bills total \$40,000, Person 2's cost \$30,000 and Person 3's cost \$25,000, you're likely covered. Each person's bills were under \$50,000 (your bodily injury limit per person), and the total cost of injuries is \$95,000, which is lower than your \$100,000 bodily injury limit for a single accident.

But suppose all three people had \$50,000 in medical bills, totaling \$150,000. In that case, your bodily injury liability coverage would pay \$100,000 toward those bills, and you'd likely need to cover the remaining \$50,000 yourself.

Talk to your insurance agent to discuss your options and choose appropriate liability coverage limits for your situation.

WHAT'S NOT COVERED BY LIABILITY INSURANCE?

Liability coverage typically doesn't pay for damage to your own car after an accident — **collision**

coverage (</tr/car-insurance/what-is-collision-insurance.aspx>) helps with that.

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Liability coverage also does not extend to costs associated with your own injuries after an accident you cause. If you want this type of coverage, you may want to consider **medical payments coverage** (</tr/car-insurance/medical-payments-coverage.aspx>).

Need help understanding auto liability insurance or your state's coverage requirements? Talk to a **local agent** (<https://agents.allstate.com/>).

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QUIZ: AUTO LIABILITY INSURANCE

Auto liability coverage helps pay for (select all that apply):

- .LSTATE.COM) ☐ Your medical bills ☐ Repairs to your car
- ☐ Someone else's medical bills ☐ Damage to someone else's property
- ☐ Vehicle maintenance ☐ Your legal costs

QUESTION 1 OF 5

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