

Car insurance a must in Mexico

Protect auto, yourself with a valid policy

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Each year, Arizonans pack up their cars and drive to Mexico to enjoy the beaches of Puerto Peñasco and other popular destinations.

High on the checklist of issues people need to address when driving across the border is automobile insurance, an important but often overlooked aspect of the Mexico experience.

With proper coverage, people possess a necessary safeguard in the event they are involved in a traffic incident. Without it, travelers risk of paying exorbitant fines and spending time in jail.

Buying the right Mexican auto insurance policy can be tricky given the differences between Mexican and American laws.

"A lot of people unfortunately make incorrect assumptions," said Lanny Hair, executive director of the Independent Insurance Agents & Brokers of Arizona in Phoenix. The association represents independent agency firms, many of which sell auto policies through Mexican-based companies.

One of the biggest assumptions travelers make is that their U.S. auto insurance will cover them if they are involved in an accident in Mexico. That's not true.

"The Mexican government will only recognize those companies authorized to do business in Mexico," Hair said.

Under Mexican law, it is a felony to not carry at least civil liability insurance issued by a Mexican-based company. The insurance pays for damages and injuries that a person causes another driver.

Drivers also can opt to purchase a full-coverage policy, which will cover their own vehicles in case of an accident.

In 2005, there were 19 Mexican insurance companies that issued policies to U.S. drivers, collecting \$71.2 million in premiums, according to the Mexican Association of Insurance Institutions.

Guilty until innocent

Although Mexican auto insurance provides coverage similar to U.S. auto insurance, the driving laws in either country differ.

"If you have no Mexican liability insurance and you're involved in a crash, you'll almost certainly spend some time in jail because in Mexico you're guilty until proven innocent," said Yvette Lopez, a spokeswoman for AAA Arizona in Tucson. AAA sells Mexican auto coverage, which on average can cost \$30 or more per day.

Regardless of who is at fault in an automobile accident, guilt is always presumed, Lopez said.

"If you have (Mexican) auto insurance, it may not prevent you from actually being detained while the cause of who is at fault is still being determined," she said.

Most Mexican liability policies provide a certain amount of coverage for legal aid and bail bond.

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Reporting claims

In the event of an accident, drivers must report the incident to the insurance adjuster while they are in Mexico. Drivers who re-enter the United States and try to file a claim will find that their insurer will not provide coverage.

"The policy is valid strictly in Mexico," said Hubert Brossoit, president of Flagstaff-based Drivemex.com, a broker that sells the policies of eight Mexican insurance companies.

Drivers also should research the claims-paying ability of insurance companies before purchasing their policies, said Jim Labelle, president of International Insurance Group Inc. in Flagstaff. The company manages the sales of five of Mexico's largest auto insurers and sells policies through its Web site, Mexpro.com.

Labelle suggests drivers buy from companies that are rated by A.M. Best or Standard & Poor's, which rate companies based on performance.

Coverage differences

There are some irregularities between what U.S. auto insurers cover and what Mexican insurers cover.

A key difference is almost all Mexican insurers do not cover vandalism or partial theft.

"Your car basically needs to be gone" in order to file a theft claim, Lopez said. "If your window's broken you would be responsible for the damages."

In addition, drivers who are hauling trailers behind their vehicles need to declare it on their liability policies. Otherwise they will not be covered if the trailer comes loose and causes an accident.

Lessees beware

People who are leasing or financing an automobile should think twice before driving their vehicle south. Nearly all lease policies prohibit people from driving across the border, even if they have full coverage from a Mexican auto insurer.

Lessees who do not get permission before crossing and are involved in accidents are still required to pay the balance of their lease or loan.

"They have the obligation to repay the loan or the lease whether the car is there or not," said Tom Kelly, spokesman for JP Morgan & Chase Co.

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