

PURCHASING INSURANCE FOR MEXICO

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For each of the last ten years, thousands of visitors who drive their car into Mexico have been purchasing Mexican insurance through the www.Mexpro.com website – to ensure their vehicle is properly protected while South of the Border.

Each year, Mexpro.com's staff compiles a list of the most frequently asked questions ([FAQs](#)) that consumers of Mexican Auto Insurance inquire about. Below are some of the most commonly asked questions that www.Mexpro.com has received over the years.

It is ironic that most of us use great care when purchasing insurance in the US or Canada, yet use a lesser standard of care when purchasing an auto insurance policy for travel to Mexico. The answers to our FAQ's will help you to make a better informed decision when purchasing auto insurance for Mexico.

When purchasing any type of Mexican auto insurance, buyers should analyze a number of issues including:

1. Do I need to [purchase coverage from a Mexican Insurer](#)?
2. What are the differences between a US and Mexico auto insurance policy?
3. [What type of Mexico auto insurance do I need, and at what limits?](#)
4. Are the [US Broker and Mexican Insurer they represent reputable and in sound financial condition](#)?

Why do I need to purchase coverage from a Mexican auto insurance company?

Mexico law mandates that only insurance companies which are licensed and admitted in Mexico can provide "civil liability" auto insurance coverage that is recognized by the judicial system of Mexico. Although a few US insurance companies will extend physical damage coverage (collision, comprehensive) on your auto or RV while you are driving in Mexico, they cannot and do not provide Mexican liability.

What are the differences between US and Mexican coverages, and what type of insurance and what limits do I need?

There are tremendous coverage differences between US and Mexican Auto Insurance policies, and far too many "minor" differences to list here. The following are some of the major differences outlined by type of insurance.

LIABILITY INSURANCE – Auto liability in Mexico (liability coverage is a part of all homeowners, auto, commercial property policies, etc.) is determined by Civil Law, and is based on limits defined by Mexican Statute. Depending on your view of things, this is either a brilliant system or an antiquated one. Claims for pain and suffering and emotional distress are virtually unheard of, and claims for Property Damage to Others and Bodily Injury to Others are settled on an "actual loss" basis, guided by Statute.

Personal Injury lawyers, as we know them in the US, do not exist in Mexico. Therefore, liability limits and claims exceeding \$ 100,000 are rare. It is far more likely to have a "Property Damage to Others" liability claim that approaches this limit (damaging someone else's new Chevy Suburban, valued at \$55,000, for instance) than it is to have a "Bodily Injury to Others" liability claim that approaches this limit (damaging the occupants of the Suburban, for instance). This is almost an exact opposite of how claims are settled in the US.

Keep in mind that the liability insurance you purchase from a Mexican auto insurance company will not respond to claims or suits brought against you in the United States or Canada for an "incident" which occurred in Mexico. All liability insurance claims under a Mexican auto insurance policy must be brought and adjudicated in Mexico for coverage to respond.

AUTOMOBILE INSURANCE - Automobile Insurance rates, coverage, limits, and deductibles vary greatly among Mexican auto insurance companies. Some important items to look for are:

- **Does the Mexico auto insurance policy offer adequate liability limits, or does the policy reduce the amount payable by using split limits?**

Split limits reduce the amount available for "Property Damage to others". An ideal limit of insurance on a Mexican Auto insurance policy is \$ 100,000 Combined Single Limit. Beware of lower split limits of \$ 40/80/40, for example.

- **Does the insurer automatically include Legal Aid and Travel Assistance?**

These "additional" coverages should be included in every auto liability insurance policy in Mexico. They will help you tremendously in the event of an accident. Without them, you could be on your own racking up legal bills and huge headaches until your liability has been determined.

- **What are the Physical Damage coverages and deductibles?**

The main exclusions on a Mexican auto insurance policy historically have been Vandalism and Partial Theft, but now this coverage can be added back under special endorsements, which can be purchased at:

<http://www.mexpro.com/mexico/deluxePrograms.html>.

The policy is written on a "named perils" basis, which includes coverage for Collision, certain Meteorological Events, Total Theft, Fire, and other perils. Deductibles are generally a percentage of the value of the insured vehicle although special endorsements offering fixed deductibles are available via the <http://www.mexpro.com/mexico/deluxePrograms.html> website.

Is the U.S. Broker Reputable?

Thousands of U.S. insurance agents and brokers offer insurance for Mexico. Logically, a great number of these agents are located close to the border. Some of the important distinctions to keep in mind when choosing an agent or broker for Mexico auto insurance are:

1. **Does the agent or broker use online systems to issue these auto liability policies in Mexico, so that the data is immediately available via the web to authorities in Mexico?**

2. **Does the agent have experience in the Mexico auto insurance market and does the agent have experience in the US market?** It is important that the agent you work with has a vast knowledge of the difference between US and Mexico auto insurance and can counsel you regarding the potential gaps in coverage among these policies. Purchasers of insurance for Mexico should have confidence that they will receive professional, knowledgeable service when they need the coverage to respond or in the event of a coverage dispute. Check with your US agent to see if they offer Mexico Auto Insurance. Your US agent or broker can issue a Mexpro.com policy for you via www.mexicoinsuranceonline.com.

3. **Most reputable insurance agents carry Errors and Omissions insurance to protect themselves, and their customers, when legitimate mistakes are made.** Ask your agent if he or she carries Errors and Omissions insurance; it will protect both you and your agent in the event of a coverage dispute.

Is the Mexican Auto Insurance Company Reputable?

As the global economic environment continues in a state of uncertainty, it may be more important than ever to purchase Mexican auto insurance from a financially strong insurer. No matter how reputable your agent or broker, if they are placing your insurance with a troubled insurer you could be in for some unpleasant surprises in the event of a claim.

There are over 50 insurance companies in Mexico; similar to the U.S., "some are good and some are bad". Purchasers of auto liability insurance in Mexico should continually check the www.ambest.com website to ensure that the insurer is rated.

Although some US insurers have purchased ownership interests in Mexican auto insurance companies, these Mexican companies operate independently of the US parent company.

Ask your agent about the size and financial strength of the Insurance companies they use; in the event of further economic problems and/or the devaluation of the Peso coupled with a few natural disasters such as a hurricane or flood, how will the insurer fare? Check to see if the Mexican Insurer is rated at www.ambest.com.

Most consumers would never use an unrated insurer to purchase US or Canadian insurance. Likewise, you should never purchase Mexico auto insurance coverage from an unrated insurer!

As you can see from this brief summary, insurance in Mexico is just as complex as it is in the US. Although all types of insurance are available in Mexico, coverages, terms and conditions vary greatly among insurers. For a free, no obligation coverage analysis and quotation, with the option to purchase and print your policy online, please visit www.mexpro.com

The Mexico Insurance Professionals can be reached via their website at <http://www.mexpro.com/mexico/contact.html>.