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INSURANCE COVERAGE GUIDE

California UM/UIM Coverage Explainer

How uninsured and underinsured motorist coverage actually pays out in California — and how to use it when the other driver carries nothing, or not enough.

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The coverage everyone has but few understand

Every California auto policy includes uninsured motorist (UM) and underinsured motorist (UIM) coverage unless the policyholder signed a written waiver. Most people have it. Few read what it actually does.

UM coverage pays your damages when the at-fault driver has no liability insurance. UIM coverage pays the gap when the at-fault driver has insurance but their limits are too low to cover what you are owed. Both sit on your own policy, both are paid by your own carrier, and both are governed by California Insurance Code §11580.2.

This guide walks through how the coverage triggers, how the math works in California, how to put a claim together that actually pays, and where the insurer pushback usually shows up.

What UM covers in California

UM coverage is triggered by one of three fact patterns set out in §11580.2(b):

1. The at-fault driver had no insurance at the time of the crash.
2. The at-fault driver was insured by a carrier that has since become insolvent.
3. A hit-and-run driver caused the crash and cannot be identified, with physical contact between the vehicles and corroborating evidence required for the claim to qualify as UM rather than a phantom-vehicle dispute.

The hit-and-run requirement is the place most claims die. California treats no-contact "phantom vehicle" claims with skepticism because the statute requires either physical contact or independent corroboration of the other vehicle's existence. A passenger who saw the car, a witness who pulled over, a dashcam clip, or a 911 call placed within minutes all qualify. A police report alone, without a named driver, does not.

UM pays the same categories of damages a third-party liability claim would: medical bills, lost wages, future medical care, future lost earning capacity, and general damages for pain, suffering, and loss of enjoyment. It is capped at your UM policy limits — not the at-fault driver's limits, because there are none.

What UIM covers in California

UIM is triggered when the at-fault driver carries insurance, but the available limits are less than the limits you carry on your own UM/UIM coverage. California's UIM rule is the "limits-to-limits" rule, codified at §11580.2(p)(3):

> The maximum liability of the insurer providing the underinsured motorist coverage shall be the difference between the amount paid to the insured ... and the underinsured motorist coverage limits.

If you carry $100,000 in UIM and the at-fault driver carries $25,000, your maximum UIM exposure is $75,000 — the difference between the two policies. If the at-fault driver carries the same limits as yours, you have no UIM coverage at all; the rule is asymmetric in the carrier's favor and the legislature has not changed it.

This is different from how most states do UIM. Several jurisdictions use "add-on" or "stacking" UIM, where the at-fault carrier's payment does not reduce your UIM. California does not. Many claimants buy what they assume is generous coverage and then discover at the worst possible moment that the math gives them less than they expected.

How California minimum limits factor in

California's mandatory minimum liability limits are 15/30/5: $15,000 per person, $30,000 per accident, $5,000 property damage. Senate Bill 1107 raised these limits effective January 1, 2025, to 30/60/15, and they rise again January 1, 2035 to 50/100/15. If you are reading this in 2026, the at-fault driver is most likely carrying 30/60/15 if they bought the minimum.

The minimum-limits driver remains the single most common UIM scenario in California. A treatment course of one MRI, six weeks of physical therapy, and three or four orthopedic visits clears $30,000 quickly. Surgery clears it before the second consultation. UIM is where the rest of the recovery comes from.

How stacking works in California — and how it does not

California does not permit inter-policy stacking of UM/UIM coverage in the way some states do. You cannot add the UIM limits from two separate policies on two separate vehicles to create a higher combined ceiling for a single accident. §11580.2(q) is the controlling subdivision; the controlling case is Mercury Casualty Co. v. Chu (2014) 229 Cal.App.4th 1289, which confirmed that intra-household policies do not combine even when premiums were paid on each.

What California does permit is intra-policy stacking when a single policy covers multiple vehicles — but only if the policy language allows it, which most do not, and only when the carrier did not bind the coverage as a single limit. Insurers write around this routinely. The practical answer is to assume no stacking unless an attorney has read your declarations page and confirmed otherwise.

What does work is using UM/UIM in addition to the third-party liability recovery, not in place of it. UIM is the difference. So a $300,000 case with a $30,000 at-fault payment and $100,000 UIM coverage yields $30,000 from the at-fault carrier plus $70,000 from your UIM carrier, for a $100,000 total recovery — capped by your UIM, not by stacking math.

The offset rule — what your carrier subtracts before paying

California Insurance Code §11580.2(p)(4) lets the UM/UIM carrier offset the payment with:

- Workers' compensation benefits paid for the same injury.
- Disability benefits received under any state or federal program.
- Medical payments coverage already paid out on the same policy.

Note what is NOT on that list: health insurance payments, your own out-of-pocket medical bills, and (importantly) any payment from the at-fault driver's liability carrier — although the at-fault liability payment reduces UIM exposure under §11580.2(p)(3) by limits subtraction, not by dollar-for-dollar offset.

These offsets do not reduce the value of the claim; they reduce the dollar amount your UIM carrier owes after the value is set. Many adjusters mix the two up on purpose. A claim is worth what it is worth. The offsets only affect how much of that value the UIM carrier is responsible for.

Triggering UM/UIM — the procedural sequence

UM/UIM is not automatic. You have to put your own carrier on notice, and the steps matter because §11580.2(k) imposes hard deadlines:

1. **Notice within a reasonable time.** California has no fixed statutory deadline for UM/UIM notice, but most policies require notice "as soon as practicable." Wait too long and the carrier will argue prejudice. A formal claim should be opened within 30 days, ideally within 14.
2. **Demand for arbitration within two years of the accident, OR before settlement with the at-fault carrier, whichever is earlier.** This is the bright-line rule from §11580.2(k). Miss it and the UM/UIM claim is barred even if the underlying tort claim is still timely.
3. **Consent before settling with the at-fault driver.** Before you accept the at-fault driver's settlement offer, your UIM carrier must consent in writing. Failure to obtain consent can void the UIM claim entirely. This is the rule of Quintano v. Mercury Casualty Co. (1995) 11 Cal.4th 1049, which set the procedural baseline still applied today.

The "consent to settle" requirement gives the UIM carrier two choices: consent to the third-party settlement and preserve its subrogation right, or refuse consent and pay the at-fault limits itself. Either is acceptable. What is not acceptable is the carrier sitting silent for 60 days while the third-party settlement deadline lapses, which is the most common bad-faith fact pattern in this corner of the law.

How the UM/UIM trigger works after a hit-and-run

A hit-and-run UM claim requires three things:

1. Physical contact between the vehicles (or, in the case of a phantom vehicle, independent corroboration as described above).
2. A police report filed within 24 hours of the accident, or as soon as reasonably possible (§11580.2(b)(2)).
3. A timely written claim filed with the UM carrier.

The 24-hour reporting rule is jurisdictional. The controlling case is Olsen v. State Farm Mutual Automobile Insurance Co. (2004) 122 Cal.App.4th 1142, which strictly applied the reporting requirement and dismissed a UM claim where the report came in 36 hours after the collision. Police-report timing is the first thing the carrier will check. If the report is late, the claim is denied — and the insurer is right to do so under the statute.

There are limited exceptions when the claimant was hospitalized or otherwise physically unable to report. Those exceptions are read narrowly. The safest course is to call 911 from the scene and confirm a report number before leaving.

The insurer tactics — what to expect and how to push back

UM/UIM claims are first-party claims. Your own carrier is on the other side of the table. That changes the legal posture: it adds the implied covenant of good faith and fair dealing and the unfair-claims-handling rules under California Insurance Code §790.03(h). It also changes the adjuster's playbook.

Tactic 1 — Low initial offer with a "take it or arbitrate" framing. First-offers on UIM claims are routinely 30 to 40 percent of case value. The carrier's working assumption is that most claimants do not know about the arbitration right or do not want to invoke it. Counter by asking for the carrier's evaluation in writing with line-item damages. If the breakdown does not arrive within 30 days, that is documentation for a bad-faith claim under §790.03(h)(3).

Tactic 2 — Delaying the consent-to-settle decision. A carrier that takes 90 days to decide whether to consent or substitute payment is acting in bad faith. Send the request in writing, with the at-fault settlement offer attached, and demand a written response within 30 days. The controlling case on this delay tactic is Wilson v. 21st Century Insurance Co. (2007) 42 Cal.4th 713, which confirmed bad-faith liability where the insurer "unreasonably" delayed a UIM decision.

Tactic 3 — Disputing the comparative fault percentage. California is a pure comparative fault state. Your UIM payment is reduced by the percentage of fault assigned to you. The adjuster will argue 30 percent contributory fault on facts that a jury would not reach. The cure is documentation: the police report's narrative, witness statements, dashcam, and any traffic-control evidence. Comparative fault is decided by the arbitrator or the jury, not by the adjuster's opinion.

Tactic 4 — The medical-records fishing expedition. Same as third-party liability claims: the carrier will ask for a blanket HIPAA authorization covering ten years of records on every body part. A UIM HIPAA authorization should be limited to the injuries in this claim, from the date of injury forward, and

to providers who actually treated those injuries. The pattern jury instructions CACI 2330-2334 on bad faith make clear that overreaching discovery on a first-party claim can itself be evidence of unreasonable conduct.

Tactic 5 — Refusing to acknowledge stacking that does apply. Some California policies, especially older commercial and umbrella policies, do permit limited stacking. The carrier will not volunteer this. Read the declarations page with counsel; if multiple vehicles are listed under one policy, check the limit structure carefully.

What UM/UIM actually pays for — the damages categories

UM and UIM claims compensate the same categories of damages as a third-party liability claim. California is a pure damages state, meaning the recovery tracks the actual harm and is not capped by statute (with narrow exceptions for medical-malpractice MICRA and government-entity claims, neither of which apply here). The categories an adjuster will value are:

- **Medical specials.** Past medical expenses paid or incurred. The Howell rule limits the recoverable amount to what was actually paid or accepted, not the gross billed amount. Howell v. Hamilton Meats & Provisions, Inc. (2011) 52 Cal.4th 541.
- **Future medical care.** Cost of treatment the injury will continue to require. Documented with treating-physician testimony or, on larger cases, a life-care plan.
- **Past lost wages.** Time missed from work, supported by W-2s, paystubs, or employer letters. Self-employed claimants document with tax returns and contemporaneous client invoices.
- **Future lost earning capacity.** Diminished ability to perform the same work going forward. Requires vocational and economic experts on cases with permanent impairment.
- **General damages.** Pain, suffering, inconvenience, anxiety, loss of enjoyment of life. Not formula-driven; valued by reference to similar verdicts and the credibility of the injured party.
- **Loss of consortium.** A spouse's separate claim for the impact on the marital relationship. Filed by the spouse, paid by the same UM/UIM coverage.

The UM/UIM carrier will value each category line by line. A well-built demand presents documentation for each, organized by category, with citations to the bills, records, and expert opinions that support the number. A short, unorganized demand invites a short, unorganized offer.

A practical example — running the UIM math

Imagine a Los Angeles client struck head-on by a driver carrying the 2026 California minimum of 30/60/15. The client carries 100/300/100 on their own auto policy, with matching UM/UIM. Injuries: lumbar disc herniation requiring epidural injections and, eventually, a microdiscectomy. Total claim value, after a reasonable demand workup: $250,000.

Item	Amount
Total claim value (medicals + lost wages + general damages)	$250,000

Item	Amount
At-fault carrier policy limit	$30,000
At-fault carrier payment (limits)	$30,000
Client UIM policy limit	$100,000
UIM exposure cap (§11580.2(p)(3): UIM limit minus at-fault payment)	$70,000
Total combined recovery	$100,000

Past results do not guarantee a similar outcome; this example is illustrative and does not reflect a particular Burg & Brock case.

Two things to notice. First, the client's UIM ceiling is the difference between their own limit ($100,000) and the at-fault payment ($30,000) — not the sum. Second, the total recovery is capped at the UIM policy limit of $100,000, even though the underlying claim is worth $250,000. The $150,000 difference is the gap between what the law lets you recover and what the case is actually worth. That gap is the single best argument for buying higher UM/UIM limits before you ever need them.

When to involve a lawyer

Most UM/UIM claims are worth far more than the first offer. The math is unforgiving — the demand letter, the arbitration timeline, and the consent-to-settle interplay all carry deadlines that, if missed, kill the claim. The cases where self-representation is realistic are limited to small-dollar property-damage claims with no significant injury. Once medical bills cross $10,000, or once surgery is on the table, the claim economics favor representation.

Call before signing the medical authorization. Call before talking to the UM/UIM adjuster on a recorded line. Call before accepting any settlement offer from the at-fault carrier — that decision is the one that, if mishandled, voids the entire UIM claim.

The contingent-fee structure means there is no out-of-pocket cost. The fee comes out of the recovery, and only if there is one. A free consultation answers the threshold questions: is the claim viable, what is the likely range, what are the deadlines that need to be calendared today.

Call (888) 528-8595 before signing anything from the insurance company.

Talk to a Burg & Brock attorney

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