



# Legal News Alert

## Don't wait until you are in an accident to actually know what is in your auto policy!

Do you know what is in your automobile insurance policy? So many people today do not and just assume that if they are in an accident, all will be covered. This is definitely not the case. The amount of compensation you can receive (and in some cases whether you are able to be compensated at all) if you become a victim of another driver's negligent, careless or reckless actions depends largely upon what policy options you have chosen. Here are some explanations of the most common options so you can ensure you have the coverage right for you!

### A. Amount of Coverage

You want to secure the highest amount of bodily injury coverage (which is designed to provide coverage to other drivers for injuries and damages which are caused by you) that you are able to afford to protect yourself in the event that you inadvertently injure someone while you are operating a motor vehicle. If the amount of coverage you possess is not sufficient to compensate an injured party for their damages and losses, then that person has the option to attempt to secure a verdict in excess of your policy limits. If that were to occur then you could risk losing personal assets or property. Ideally coverage of at least \$300,000 or \$500,000 is recommended as this will cover you for most injuries except for catastrophic injury or death. The addition of an umbrella policy would provide optimum coverage.

**Recommendation: Purchase as much coverage as possible but minimum coverage of \$300,000.00 and higher is recommended.**

### B. Tort Option: Full Tort or Limited Tort?

If you choose full tort coverage, you can recover for pain and suffering (known as "noneconomic damages") related to injuries sustained in an automobile accident regardless of the type or seriousness of the injury. On the other hand, if limited tort is chosen you can only recover for pain and suffering if your injuries are considered "serious injuries." This is risky because there are no clear rules specifying which injuries juries should consider "serious", and thus it is possible for there to be no recovery.

**Recommendation: Choose the full tort option at all costs even if you have to reduce the amount of policy coverage to do so.**

### C. Uninsured/Underinsured Motorist Coverage

Uninsured/underinsured motorist coverage is designed to protect you in the event that a negligent driver who injures you either does not have any automobile insurance or has insurance coverage but his or her bodily injury policy limits are not adequate to fully compensate you for your injuries and damages. It is very important that you purchase as much uninsured/underinsured motorist coverage as you can. There are many irresponsible drivers on our roadways who illegally drive without having any automobile insurance coverage. If you do not purchase uninsured/underinsured motorist coverage



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or if you only purchase a minimum amount of this type of coverage, you may be left with either no recovery or a very minimal recovery which could be grossly insufficient to compensate you for your injuries and damages.

Some policies provide a “stacking option” which allows you to multiply the amount of uninsured/underinsured coverage you select by the number of vehicles listed on the policy. In other words, if you purchased \$300,000.00 of uninsured/underinsured coverage and there were three vehicles on your policy, then instead of being limited to \$300,000.00 in coverage you would have \$900,000.00 in coverage. Even if you only have one vehicle on your policy you should still consider choosing the stacking option if you live with a relative or relatives who also have automobile insurance policies.

**Recommendation: Purchase uninsured/underinsured coverage up to the limit of your bodily injury coverage and include the stacking option on your policy.**

#### D. Personal Injury Protection (“PIP”) or Medical Benefits Coverage

Pennsylvania is known as a “no fault state” with regard to medical coverage benefits. This means that regardless of who is responsible for causing a motor vehicle accident, any medical expenses you incur for treatment of injuries sustained in a car accident are paid for by your automobile insurance company. Pennsylvania provides for mandatory minimum medical coverage of \$5,000.00 (known as “PIP” benefits). Of course you are free to purchase more medical benefits at an increased premium price. Once your PIP benefits are exhausted, then the medical expenses must either be paid by your health insurance or by you if you do not have health insurance coverage. If you have health insurance then you may decide to purchase a lower PIP amount but you should keep in mind that with PIP benefits there are no co-payments, whereas most health insurers have co-payments which you must pay out of your own pocket and health insurance may place a lien on your recovery. If you do not have health insurance or if you do not wish to have to pay for co-payments then you may want to consider purchasing additional PIP coverage over the minimum amount.

**Recommendation: Decisions regarding the amount of PIP protection you purchase really boil down to whether you have health insurance, and, if you do, whether you would prefer to have a low PIP limit and be subjected to copayments and liens, or, pay a higher premium for increased PIP limits.**

#### E. Wage Loss Benefits

Many insurance companies allow you to purchase optional coverage for wage loss benefits in the event that you are unable to work because of injuries sustained in a car accident. Lost earnings can also be one of the elements of damages for which you seek recovery from the negligent driver who caused the accident. If you choose this option, you can immediately make a claim for reimbursement for your lost earnings from your automobile insurance company rather than wait until your claim is resolved against the negligent driver in court.

**If you have any questions about your automobile insurance policy** or need any other type of legal assistance, please feel free to contact us. *This Alert was prepared by Todd M. Sailer, Esq. Todd heads the Firm’s Personal Injury and Workers’ Compensation practice. He has assisted families throughout Pennsylvania and New Jersey when they have sustained injuries due to the negligent and careless conduct of others. He can be reached at (215) 750-0110 or [tsailer@begleycarlin.com](mailto:tsailer@begleycarlin.com).*