

Do I need to buy personal injury protection Coverage?

Personal injury protection (PIP) insurance is intended to ensure everyone involved in an accident is covered for medical expenses, no matter who's at fault. In other words, it's no-fault insurance. PIP pays for the injuries of the person holding the policy. It's required if your car is insured in any of the following nine states*:

- Florida
- Hawaii
- Kansas
- Massachusetts
- Missouri
- Minnesota
- New York
- North Dakota
- Utah

It greatly simplifies the process: If Tom and Jerry get into a wreck and they blame one another for causing it, their insurance companies won't have to fight one another before paying for their medical bills. Tom's insurance company pays for Tom's bills, Jerry's company pays for Jerry's. Typically, this means the immediate charges, rehabilitation and lost wages from missing work.

The system is intended to save time and legal fees, which theoretically means lower overall premiums. But for it to be effective, Tom and Jerry can't later sue each other for more money.

No-fault laws worked in lowering premiums for awhile, but eventually the savings disappeared and several states repealed their laws. The opposite of a no-fault insurance system is what's called a tort-based system. Disputes can be settled in court with that system.

Some states offer, but don't require, personal injury protection

But to add to the confusion, there are states that are both no-fault and tort-based. They allow you to buy a PIP policy if you wish, but don't require it. In addition to the District of Columbia, the states* that have it are:

- Arkansas
- Delaware
- Kentucky
- Maryland
- New Jersey
- Oregon,
- South Carolina,

- South Dakota,
- Texas
- Virginia

Let's return to Tom and Jerry's wreck to see how it works.

Tom has PIP coverage and Jerry doesn't. Both have bodily injury insurance – which is the opposite of PIP in that it pays for the OTHER person's injuries.

If Jerry caused the accident, his insurance company will pay for Tom's medical injuries but not for Jerry's injuries. If Tom caused the accident, his company will pay for Jerry's injuries (through Tom's bodily injury policy) as well as Tom's injuries (through his PIP policy.)

Was Jerry stupid not to buy PIP? Not necessarily. He might have a healthcare insurance policy that covers his injuries.

To make sure you've got the right coverage, check with Haylor, Freyer & Coon. 800-289-1501
www.haylor.com/personal/auto

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