

An explanation of New York's no-fault law and motor vehicle PIP insurance benefits

What is the New York no-fault law?

The New York Comprehensive Automobile Insurance Reparations Act (also known as the no-fault law) took effect Feb. 1, 1974. Legislators wanted to ensure that persons injured in an auto accident would receive prompt, sufficient medical treatment and income replacement without the burden of litigation. Prior to no-fault, only 14 percent of the liability premiums in the state reimbursed accident victims for their economic loss, and the average time to collect was 16 months.

The no-fault law provides a generous package of personal injury protection benefits and finances it with the removal of excessive pain-and-suffering damages, wasted litigation expenses, and benefits payable under other laws (for example, workers' compensation or Social Security). As a result, persons injured in an auto accident get compensation of their right to sue for noneconomic (e.g., suffering) damages, and are excluded from guaranteed benefits payable promptly. The law also creates a fund of nine percent of the premium paid by all insured persons to help injured persons who may then pursue noneconomic damages.

What are PIP benefits?

PIP benefits emerge from the legislators' promise of Basic Economic Loss for eligible injured persons, which consists of four types of compensation. The first three shown below are subject to a combined limit of

\$50,000, while the limit of the fourth is in addition to the \$50,000 limit.

1. All eligible medical expenses, without time limitation.
2. Income loss payable up to \$2,000 per month for no more than one year.
3. Other expenses incurred, such as keeping in transportation, up to \$5 per day for no more than one year.
4. Death benefits payable up to the death benefit limit.

The fourth category, which is injured persons' death benefits, is payable as PIP benefits. These benefits, along with other sources, such as workers' compensation, disability or Social Security benefits, that may contribute with your insurance to help compensate you for Basic Economic Loss.

What are Optional Basic Economic Loss benefits?

CEL adds an additional \$25,000 to the \$50,000 Basic Economic Loss for a total of \$75,000, but with a twist. Instead of this amount being paid to the party that first demands it (e.g., the hospital), you can decide who gets access to it first. You may want the \$25,000 to go toward the payment of income loss, or you may want to use it for psychiatric, physical or occupational therapy and rehabilitation.

What are additional PIP benefits?

The average broadens coverage in two distinct ways. First, it broadens the definition of eligible injured persons to include passengers who are not residents of New York state when injured outside the state. Second, it adds another layer of limits (each of the four categories of Basic Economic Loss) to be paid as Extended Economic Loss. The limit combinations that are available for you to choose from may vary by insurance company, since each company is permitted to file its own group of optional limits. While most insurance companies offer additional PIP coverage, they are not compelled to offer it by law.

What other PIP options are typically available?

- If your employer has a Qualified Wage Continuation Plan (meeting specific requirements detailed in the no-fault law), you could be eligible for a premium discount.
- Insurance companies must offer the choice of a family deductible in the amount of \$200; they also may offer the choice of a \$100 family deductible. You will lower your premium by selecting these deductibles.
- You may name an individual (e.g., a nanny) to be eligible for coverage in the same manner as you for a small additional premium.

(continued on reverse)



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For what types of vehicles are the recovery of noneconomic damages limited and PIP coverage required?

Every motor-vehicle insurance policy (whether personal or commercial) must provide these PIP benefits. PIP coverage is required for motorcycles and all-terrain

vehicles, but it applies only to injured pedestrians. The right to noneconomic damages is restricted for all persons eligible for PIP benefits, except when the accident involves an ATV. The no-fault law does not apply to mobile equipment, farm equipment, snowmobiles, street cars, municipally owned vehicles and other vehicles not requiring registration.

This information is provided as general summary of facts and PIP coverage. Please consult your agent and your insurance policy for details that are applicable to your situation.

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