

LEGAL EASE



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Love affair with the automobile can cost some cash

Despite the current cost of gasoline, Americans continue their love affair with the automobile. Even the risk of an accident does not deter us, since that is what auto insurance is for. But do we really understand auto insurance?

The Motor Vehicle Financial Responsibility Law, effective as of July 1, 1990, is designed to provide basic minimum coverage for accident victims. All motor vehicle owners must prove that they have financial responsibility in order to register their vehicles. This is accomplished either by buying insurance or by certifying to the Pennsylvania Department of Transportation that the vehicle owner can pay for damages caused by the owner or by another driver of the car. The certification states that the owner can pay up to \$15,000 for injuries to one person per accident, or \$30,000 for injuries to more than one person in one accident, as well as \$5,000 in damages to someone else's property. Most persons find that the only practical way to accomplish this is through insurance.

An insurance policy must include coverage for the minimum amounts listed above for liability, i.e. for damages caused by a person who is legally responsible for the accident. However, there are minimum first party benefits which are also required. "First party" benefits are benefits paid by your *own* insurance company no matter who caused the accident. The minimum medical benefit required is \$5,000. Since \$5,000 is usually insufficient to cover the costs of medical care in an accident (the airlifting cost alone can more than wipe out the \$5,000), many people can and should opt to purchase additional medical coverage. Coverage for income loss, accidental death, and funeral expenses are also coverage options which are available.

Other optional coverage includes collision insurance (which pays for damage to your car if there is a collision with another car or an object) and comprehensive coverage (which pays for a stolen car or damage by events other than a collision). Two important options are underinsured motorist or uninsured motorist. These options are necessary if the accident is the fault of another driver who either does not have insurance, or has inadequate insurance coverage. Your insurance agent can be helpful in advising you on the best coverage for you depending upon your use of the car, who, such as family members, may be using your car, or riding in your car, and the age of your automobile.

Another area of insurance coverage which is not fully understood is the full tort versus limited tort option. These are not options, per se, but types of automobile insurance. Individuals who select limited tort, or who are bound by someone else's selection of limited tort, may not sue for non-economic damages, i.e. pain and suffering, unless there is a serious injury. The law defines a serious injury as a personal injury resulting in death, permanent and serious disfigurement, or serious impairment of bodily function. There are a few other exceptions to this rule, and an attorney would be able to assist with those cases. On the other hand, the full tort option selection allows the victim to bring an action for pain and suffering for all types of injuries. Since an insurance policy covers the policyholder, all members of a family residing in the home, most passengers riding in the car, anyone driving the car with the owner's permission, pedestrians, bicyclists and anyone not required to buy insurance, deciding between these two types of insurance is not an inconsequential decision. Serious consideration should be given to choosing the full tort option.