

## Automobile Personal Injury Protection

Most people who own a vehicle have heard of Personal Injury Protection before. Many of us, however, are unaware of what it is, what it covers, and why it is important. Personal Injury Protection is an important element of car insurance that can better protect you and your loved ones when an accident occurs.

### What is Personal Injury Protection?

Personal Injury Protection is an extended coverage option of car insurance. It covers medical expenses, and in many cases, lost wages. Personal Injury Protection varies state-by-state, so it is difficult to define exactly how it works. In most states, however, Personal Injury Protection works relatively the same way, and here we discuss the most common uses for this coverage.

### PIP is Personal Injury Protection

Acronyms have become a very common part of society, and insurance jargon isn't immune to this trend. The acronym PIP is commonly used to mean *Personal Injury Protection*. The acronym can be used interchangeably with the entire phrase.

### Three Benefits of PIP Insurance

Personal Injury Protection provides three very important benefits that should be highlighted. Those benefits are 1) lost wages 2) all-passenger coverage, and 3) no-fault insurance.

**Lost Wages.** Many people have asked what the fundamental difference is between Medical Payments and PIP coverage. Lost wages reimbursements are the most fundamental difference between the two insurance options. Personal Injury Protection, like Medical Payments, will pay for medical expenses incurred from an accident (up to its limit). But unlike Medical Payments, PIP insurance will also reimburse the insured for lost wages that resulted from not

being able to work. This is an excellent benefit that PIP provides over Medical Payments.

**All Passenger Coverage.** In addition to lost wages, PIP insurance also does not discriminate against passengers in the insured's vehicle. Every passenger in the vehicle is awarded the PIP benefits if an accident warrants medical attention. For example, PIP coverage will extend to your neighbor's child you are transporting to soccer practice, your work colleague you are going to lunch with, and even the hitch hiker you pick up along the side of the road.

**No-Fault Insurance.** Perhaps the greatest benefit Personal Injury Protection provides is claim payments on a no-fault basis. This means that regardless who caused the accident, your insurance company will pay up to your policy limits in PIP insurance coverage. With Personal Injury Protection, you don't have to worry whether or not the medical expenses will be paid; most insurance companies have agreed to pay the benefits regardless of fault.

## **PIP is required in many states**

Car insurance is mandated in the United State at a state level. This means that each state can (and does) have different insurance requirements. Lawmakers in some states have deemed PIP insurance important enough that they require every driver who owns a vehicle to purchase not only auto liability insurance, but also PIP insurance. Currently, there are 15 states in the United States that require this coverage:

- Delaware
- Florida
- Hawaii
- Kansas
- Kentucky
- Oregon
- Pennsylvania
- Maryland
- Massachusetts

- Michigan
- Minnesota
- New Jersey
- New York
- North Dakota
- Utah

If you live in any of the above states, you are required to carry at least a minimal amount of personal injury protection insurance.

### **Is Personal Injury Protection an important coverage?**

The importance of PIP insurance depends on your risk profile and your current situation. For example, PIP insurance should be vitally important to someone who does not have health insurance, or has very high health insurance deductibles. It also might be an important coverage to someone who is often transporting people to-and-fro in her car. Every person should individually evaluate the benefits of Personal Injury Protection insurance where she lives, evaluate her risk profile and current situation, and decide whether or not this is the right coverage.