

GENERAL INFORMATION – CAR INSURANCE

As always when purchasing car insurance, you should discuss your needs with your insurance agent and family. Every insurance company uses their own language. The below is meant solely as a primer to educate you concerning insurance policy lingo so that you can have a meaningful discussion with your insurance agent and family members before making your decision to purchase insurance. As with all purchases you should shop around for the best rate.

**ALWAYS FEEL FREE TO CALL ME (DONALD FEINBERG) WORK: 215-558-2567
ext. 101**

I. Medical Benefits

Pennsylvania law requires that every insurance policy provide at a minimum \$5,000.00 in medical benefits. It is important to realize that the \$5,000.00 is in Act VI dollars. For example if the cost of an MRI is \$1,250.00, the Act VI dollars may only be \$500.00. Thus the \$5,000.00 in Act VI coverage actually provides more than \$5,000.00 in cash coverage.

If you exhaust or use all of the medical benefits coverage under your car insurance policy, your personal health insurance policy may pay the excess bills, depending on the language of your personal insurance policy. If your personal insurance policy does pay medical bills related to an accident, they may have a right to be repaid out of the proceeds of any lawsuit arising from the accident. Be sure to review your medical coverage with your insurance agent so that you are properly covered. An accident is a trying time and you should not have to worry about being stuck with unpaid medical bills.

II. Comprehensive Collision Coverage

Comprehensive collision coverage provides coverage for the property damage to your vehicle and property. This coverage applies no matter how your vehicle is damaged, from damage in car accidents to damage in parking lots. Most policies provide a rider (addendum to the insurance policy) for “OEM” (Original Equipment Manufacturer). If you do not have OEM your insurance carrier is obligated to repair your vehicle, if it is not totaled. However, your insurance carrier can use junkyard parts to do the repair. In fact, the parts used to repair your vehicle do not even have to be manufactured for your vehicle, i.e. if a Volkswagon part fits on your Buick then they can use that part. “OEM” mandates that your insurance carrier use new (original) parts manufactured by the manufacturer of your vehicle.



If the accident is not your fault you can always choose to have your vehicle repaired by the other vehicle's insurance company. Under this alternative you can demand original parts. Also under this option you do not have to pay any deductibles. But you lose control over who repairs your vehicle. As with all of life, this is a give and take alternative. Thus weigh your options before making a decision.

III. Liability

Liability coverage protects the other driver in the event you caused the accident. In other words if you are at fault for an accident and injure another person, that person may have the right to make a claim against you. In that case, your insurance carrier is obligated to satisfy that claim up to the limits of your liability coverage. If you have inadequate liability coverage the other person may be able to obtain a judgment against you personally.

IV. Uninsured Motorist Coverage

Uninsured motorist coverage protects you in the event you are in an accident caused by someone who has no insurance. You cannot purchase more uninsured motorist coverage than you have in liability coverage. This is a smart purchase. Everyone who has automobile insurance should purchase uninsured motorist coverage. Statistics show that there are numerous uninsured motorists travelling on the roads.

VI. Underinsured Motorist Coverage

Underinsured motorist coverage protects you in the event you are in an accident caused by someone who has inadequate liability coverage. You cannot purchase more underinsured motorist coverage than you have in liability coverage. This is a smart purchase. A lot of motorists out on the roads have purchased the minimum liability coverage which is \$15,000.00. If you are hurt in an accident and miss time from work \$15,000.00 may not be enough to fully compensate you for your harms and losses. Underinsured provides a layer of protection for you in the event the person who has caused you injury does not have enough insurance.

V. Stacking

This is a great insurance purchase. If you own more than one vehicle and elect stacking, your limits of coverage (liability, underinsured and uninsured) get stacked. For example, If you purchased an insurance policy with liability, uninsured and underinsured limits of \$50,000.00 and you have three cars insured on that policy and have selected stacking you actually have \$150,000.00 of liability, uninsured and underinsured coverage. The cost of stacking is substantially less than the cost of purchasing three separate \$50,000.00 policies.



VI. Full tort / Limited tort

Full tort allows you to seek compensation for harms and losses caused by injuries sustained out of the use of a motor vehicle. Full tort allows you to seek compensation irrespective of the nature or extent of your injuries.

Limited tort allows you to seek compensation for harms and losses for injuries arising out of the use of a motor vehicle providing that those injuries rise to the level of constituting a substantial impairment of body function. "Substantial impairment of body function" is a legal term of art which is not capable of precise definition. Essentially a judge or jury will make this decision on a case by case basis depending upon how your injuries have impacted your lifestyle.

When choosing between limited and full tort there are obvious financial considerations. Full tort is substantially more pricey than limited tort. However, it is critical you realize that when you choose your tort option you are choosing the tort option for more than just yourself. YOUR tort option also applies to all relatives residing in your household if they do not have their own independent motor vehicle insurance policy. Thus your choice will affect your children and other relatives who may be living with you. Choose wisely.

VII. Other Options

Your car insurance company will offer additional types of coverage such as funeral benefits, towing, content coverage, etc. Purchase what you need and save money by not purchasing what you do not need. Ask your insurance broker to explain all the available coverages and options with you.

