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AUTO INSURANCE BASICS

Auto insurance covers damage to vehicles and property in crashes plus injuries to the people involved in the crashes. Different insurance coverages pay for vehicle damage versus injuries. Different insurance coverages also may apply depending on who is at fault — first-party insurance pays for your own losses, while third-party pays for losses to other people and property for which you are liable.

Vehicle and other property damage

If you are at fault in a crash, your own first-party collision insurance covers the damage to your vehicle and other property. If you are liable for damage to someone else's vehicle or property, your insurance pays for it under third-party property damage liability coverage. Theft and other non-crash losses are paid under comprehensive coverage.

Collision coverage insures against physical damage to your vehicle in a crash if you are at fault. The damage may occur from striking another vehicle or an object.

Property damage liability coverage insures against physical damage that at-fault drivers cause to other people's vehicles and property in crashes.

Comprehensive coverage insures against theft or physical damage to insured people's own vehicles that occurs for reasons other than crashes.

Insurance coverage for crash injuries depends on the insurance system in the state in which the insurance is purchased. In states with no-fault insurance systems, crash injury costs are paid under the injured person's first-party personal injury protection coverage (regardless of who is at fault), up to specified limits that may be monetary or based on injury severity. Costs exceeding the limits may be paid under an at-fault driver's bodily injury liability coverage. In states with traditional tort insurance systems, who pays for crash-related injuries depends on who is at fault. If you are at fault, your medical payment insurance covers your injuries, while bodily injury liability pays for injuries to other people. If you aren't at fault, the at-fault driver's bodily injury insurance covers you.

No-fault insurance is sold in Delaware, Florida, Hawaii, Kansas, Kentucky, Maryland, Massachusetts, Michigan, Minnesota, New Jersey, New York, North Dakota, Oregon, Texas, Utah and Washington. All other jurisdictions except Pennsylvania and D.C. have traditional tort systems. Pennsylvania and DC have hybrid insurance systems.

Personal injury protection coverage, sold in states with no-fault insurance systems, pays up to a specified amount for injuries, regardless of who is at fault in a collision. The amount, which may be monetary or based on injury severity, varies from state to state and must be exceeded before an injured person may sue an at-fault driver for the additional costs.

Medical payment coverage, sold in states with traditional tort insurance systems, covers injuries to insured drivers and the passengers in their vehicles but not injuries to people in other vehicles involved in the crash.

Bodily injury liability coverage insures against injuries that at-fault drivers inflict on people in other vehicles.

COLLISION COVERAGE

Collision coverage insures against vehicle damage to an at-fault driver's vehicle sustained in a crash with an object or other vehicle. The information in this fact sheet is based on collision coverage results model passenger cars (including minivans), pickup trucks, and SUVs insured under private passenger automobile policies during their first year on the road. The claim amounts do not include deductibles paid by policyholders, which range from \$0 to more than \$1,000 (typically \$250-\$500).

Most collision coverage claims are for relatively small amounts of money. About 31 percent of all claims are for less than \$1,000, but these account for only 4 percent of the total dollars paid for claims filed under collision coverage. About half of all claims are for less than \$2,000, but these account for only 11 percent of total dollars paid. In contrast, claims for more than \$20,000 account for over 4 percent of claims filed and 31 percent of total dollars paid.

PROPERTY DAMAGE LIABILITY COVERAGE

Property damage liability coverage insures against the physical damage that at-fault drivers' vehicles inflict on other vehicles and property in crashes. The information in this fact sheet is based on property damage liability coverage, pickup trucks and SUVs insured under private passenger automobile policies.

Two main factors determine property damage liability losses. One is how often claims are filed (claim frequency). The other is how big the claim payments are (average loss payment per claim), which depends on the extent of the damage. These two factors combine to indicate overall insurance losses, or average loss payments per insured vehicle year. The overall loss is the average cost of insuring a vehicle for one year, excluding administrative costs.

Information is presented by vehicle class and, within classes, by vehicle size/weight. Car groups are based on vehicle size (length times width) and weight. Pickup groups are based on vehicle weight and carrying capacity. SUVs are separated into two groups by price, and then each group is presented by vehicle weight. Results are presented in relative terms, with 100 representing the average for all passenger vehicles.

PERSONAL INJURY PROTECTION COVERAGE

Personal injury protection coverage Comparison of losses by vehicle class and size/weight group, Personal injury protection coverage insures against expenses for injuries sustained in crashes to insured drivers and other people in their vehicles, regardless of who is at fault in the collision. This coverage is sold in states with no-fault insurance systems, where drivers are required to purchase insurance for their own protection. The information in this fact sheet is based on personal injury protection coverage results for cars, pickup trucks and SUVs insured under private passenger automobile policies.

Two main factors determine personal injury protection losses. One is how often claims are filed (claim frequency). The other is how big the claim payments are (average loss payment per claim), which depends on the extent of the injuries. These two factors combine to indicate the average loss payment per insured vehicle year (overall loss). The overall loss is the average cost of insuring a vehicle for one year, excluding administrative costs.

Information is presented by vehicle class and, within classes, by vehicle size/weight. Car groups are based on vehicle size (length times width) and weight. Pickup groups are based on weight and carrying capacity. SUVs are separated into two groups by price, and then each group is presented by vehicle weight. Results are presented in relative terms, with 100 representing the average for all passenger vehicles. Four-door microcars did not have enough exposure to produce credible results.

MEDICAL PAYMENT COVERAGE

Medical payment coverage Comparison of losses by vehicle class and size/weight group payment coverage insures against injuries sustained by insured drivers in crashes for which they are responsible. It also covers injuries to other occupants in their vehicles. This coverage is sold in states with traditional tort insurance systems. The information in this fact sheet is based on medical payment coverage results cars, pickup trucks and SUVs insured under private passenger automobile policies. Two main factors determine medical payment losses. One is how often claims are filed (claim frequency). The other is how big the claim payments are (average loss payment per claim), which depends on the extent of the injuries. These two factors combine to

indicate the average loss payment per insured vehicle year (overall loss). The overall loss is the average cost of insuring a vehicle for one year, excluding administrative costs. Information is presented by vehicle class and, within classes, by vehicle size/weight. Car groups are based on vehicle size (length times width) and weight. Pickup groups are based on weight and carrying capacity. SUVs are separated into two groups by price, and then each group is presented by vehicle weight. Results are presented in relative terms, with 100 representing the average for all passenger vehicles.

PERSONAL INJURY PROTECTION VS. MEDICAL PAYMENT COVERAGE

Personal injury protection versus medical payment Comparison of losses under the two coverages, first-party medical costs (that is, the costs of injuries to insured people), and the coverage an insured person has depends on the state in which the insurance was purchased. In states with no-fault insurance systems, personal injury protection coverage insures against injuries sustained by insured drivers and other people in their vehicles, regardless of who is at fault in a collision. In other states with traditional tort insurance systems, medical payment coverage insures against injuries sustained in crashes to insured people.

The information in this fact sheet is based on personal injury protection and medical payment coverage results for passenger cars (including minivans), pickups, and SUVs insured under private passenger automobile policies. The main finding is a strong correlation between claim frequencies under the two coverages. Vehicles with lower claim frequencies under personal injury protection coverage are likely to have fewer claims under medical payment. Experience under one coverage predicts experience under the other.

BODILY INJURY LIABILITY COVERAGE

Bodily injury liability coverage Comparison of losses by vehicle class and size/weight group, 2011-13 models Bodily injury liability coverage insures against expenses for injuries that at-fault drivers inflict on occupants of other vehicles or other people on the road. This coverage is sold in states with traditional tort insurance systems (that is, states where who pays for injuries in crashes depends on who is at fault). The information in this fact sheet is based on bodily injury liability coverage results cars, pickup trucks and SUVs insured under private passenger automobile policies.

Two main factors determine bodily injury liability losses. One is how often claims are filed (claim frequency). The other is how big the claim payments are (average loss payment per claim), which depends on the extent of the injuries. These two factors combine to indicate the average loss payment per insured vehicle year (overall loss). The overall loss is the average cost of insuring a vehicle for one year, excluding administrative costs.

Information is presented by vehicle class and, within classes, by vehicle size/weight. Car groups are based on vehicle size (length times width) and weight. Pickup groups are based on weight and carrying capacity. SUVs are separated into two groups by price, and then each group is presented by vehicle weight. Results are presented in relative terms, with 100 representing the average for all passenger vehicles. Four-door microcars and very large four-door cars did not have enough exposure to produce credible results.