

## **No-Fault Insurance, Basic Reparation Benefits**

**Or**

## **Personal Injury Protection (PIP)**

No-Fault Insurance, Basic Reparations Benefits and Personal Injury Protection (PIP) are different terms for the same type of insurance coverage. Kentucky is a “No-Fault” state. This does not mean that it doesn’t matter whose fault the car accident is. What this does mean is that you may buy insurance that will pay for your medical bills and lost wages if you are in an accident. You can collect these benefits even if the accident was your fault. Thus the term “No-Fault”. The reason the “No-Fault” law was enacted is to allow you to choose your doctor when being treated for injuries sustained in a car accident. It is also designed to ensure that your medical bills are paid without delay or interference from the at-fault insurance company. In other words, to encourage the injured person to seek the medical treatment and rehabilitation they need to recover, and not damage his or her credit rating in the process.

Registering, operating, maintaining or using a motor vehicle on the Kentucky roadways deems you to have accepted the provisions of the Kentucky No-Fault Statute (if not formally rejected and on file in Frankfort). This means that if you have your car registered in Kentucky you have accepted all of the terms of the Kentucky No-Fault Statute. When you drive your car on any road in Kentucky you have accepted all of the terms of the Kentucky No-Fault Statute. The only way the Kentucky No-Fault Statute

does not apply to you when you do these things is if you mail to the Kentucky Department of Transportation in Frankfort a rejection form.

Basic Reparation Benefits apply to your accident if you are operating your car and the accident occurs in the Commonwealth of Kentucky. In fact Basic Reparation Benefits covers you if the accident occurs anywhere in the United States, its territories or Canada. Construction vehicles, farm vehicles and mopeds are excluded from the statute. Motorcycles are excluded unless Basic Reparation Benefits are purchased specifically for that motorcycle.

The standard amount of PIP benefits available in Kentucky insurance policies is \$10,000.00. This is also called Basic Reparation Benefits. You may purchase Added Reparation Benefits, which we will talk about later. Basic Reparation Benefits will pay you the following up to a maximum of \$10,000.00:

- Medical Expenses- This is for the reasonable charges for medical treatment from any healthcare provider licensed in Kentucky. This would include chiropractic treatment or alternative medicine such as acupuncture.
- Work Loss- The loss of income from work one would have performed had they not been injured up to the limit of \$200.00 per week. This is based on 80% of your gross income.

- Replacement Service Loss- These are expenses reasonably incurred in obtaining ordinary and necessary services (like paying to have the yard mowed) that the injured person could not perform due to the accident.
- Survivors Economic Loss- This is loss after a death in a motor vehicle accident for contributions of the decedent of economic value.
- Survivors Replacement Service Loss- Expenses reasonably incurred by survivors of a decedent in a motor vehicle accident in obtaining ordinary and necessary services the decedent would have performed.

The most common Basic Reparation Benefits payments made are for your lost wages and/or medical bills up to the maximum of \$10,000.00. Once the \$10,000.00 limit is reached you must pay for any additional medical bills you receive out of your own pocket or submit these bills through your own personal health insurance policy, if you are lucky enough to have one.

The \$10,000.00 of benefits is for each person in your car at the time of the accident. Each individual receives their own \$10,000.00 in benefits. They are not added together, but for that person only. In other words, you would receive up to \$10,000.00 in PIP benefits. Each passenger would also receive their own \$10,000.00 in PIP benefits. Let's say you use your entire \$10,000.00 in PIP benefits, but one of your passengers only uses \$3,000.00 of their PIP benefits. You cannot use your passenger's remaining \$7,000.00 in benefits. You are capped at \$10,000.00.

Your medical bills must be related to the car accident you were in before your insurance company has to pay those bills from your PIP benefits. Many insurance companies review every record to make sure that the injuries are related to the car accident and the treatment is not excessive. Your insurance company will collect the \$10,000.00 back from the at-fault insurance company. Some insurance companies have an agreement to pay this back less a \$1,000.00 inter company deductible. There is an agreement between insurance companies that the at-fault insurance company does not have to repay the first \$1,000.00 of PIP benefits paid out by the insurance company of the injured party who is not at fault.

Your lost wages are paid from the time your doctor takes you off work and you actually do not work. This is at a maximum of \$200.00 per week under Basic Reparation Benefits. The lost wage payment is based on 80% of your gross weekly wages. Can you believe this? The most you can get under the basic PIP policy for lost wages is a maximum of \$200.00 per week. Even if you make \$1,000.00 per week you will only get the \$200.00 per week (you may increase this amount if you purchase Added Reparation Benefits). This will not pay the bills.

So, if you make more than \$250.00 per week, which most people do, you should consider Added Reparation Benefits, especially if you do not have a short-term disability policy. You need to ask your insurance agent about this!

You do have the option to direct how your PIP Benefits are paid out by your insurance company should you be in an accident. It is your choice where the money goes. This is important where your medical bills and lost wages exceed the \$10,000.00 maximum. It is your choice. You can direct that no medical bills are paid until your lost wages are paid. You can even exclude one particular medical bill. You must do this in writing. A phone call will not do it. If you do this you are still responsible for any unpaid medical bills.

Basic Reparation Benefits do not pay any of the benefits we have talked about on the previous pages if you are injured when:

- In the course of a business of repairing, servicing, or otherwise maintaining a motor vehicle;
- Loading or unloading a motor vehicle;
- Intentionally causing or attempting to cause bodily injury;
- You regularly use a vehicle for transporting persons or property.

There are other exclusions in many insurance policies that may surprise you. They did me. They include injuries due to war, rebellion, insurrection, civil war, or injuries resulting from radioactive, toxic, explosive or other hazardous properties of nuclear materials. I know that these exclusions only apply to a miniscule portion of Kentucky residents. The point is you must read your insurance policy to know exactly what

exclusions are in it. This is especially true if you have a job that might be considered unusual.