

PIP Deductibles

In Kentucky your insurance is required to have [Personal Injury Protection \(PIP\)](#). This is also known as Basic Reparations Benefits and No-Fault Benefits. Your insurance agent may ask you if you would like to save some money on your car insurance premium by having a PIP deductible. You will be offered a meager savings every 6 months on your premium payments if you elect to take a \$1,000.00 deductible on your PIP benefits. This will likely be around \$20.00. Sounds like a great idea, doesn't it? **WRONG!**

DO NOT FALL FOR THIS! ALWAYS SAY NO!

You will have to pay the first \$1,000.00 in medical bills and lost wages out of your own pocket if you are in an auto accident (not to mention everything over \$10,000.00). You also will not be reimbursed for any lost wages. This is a bad deal for you and a very good deal for the insurance company.

Why is it a good deal for your insurance company? Because when the At-Fault Party's insurance company reimburses them, they will get the full amount they paid out for your medical bills and lost wages. Every nickel! They will not have to eat the \$1,000.00 inter company deductible. Why? You have to eat it. You paid the \$1,000.00 for them. This happened when you elected the \$1,000.00 PIP deductible. All to save \$20.00 to \$40.00. I don't believe this is ever a wise move. Insurance companies also offer a \$250.00 and a \$500.00 deductible. The lower amount doesn't change my opinion.

Unfortunately, odds are pretty good that you or someone in your family will be injured in an automobile accident in the next ten years. You can do the math (unless you are my daughter or my wife, but that's another story). Most people can expect to save between \$200.00 and \$400.00 over ten years by taking the deductible. When an accident occurs that they are injured in they would have to pay out the \$1,000.00 PIP deductible for their medical treatment. This is two to five times what they had hoped to save. Economically and statistically you are better off without the deductible. See Appendix D for a sample of the affect of PIP deductibles on your premium.