

New Jersey Car Insurance Buyer's Guide:



What You Need To Know *and the insurance company won't tell you!*

by Howard P. Lesnik, Esq., NJ Personal Injury Attorney

Includes

- Easy to read checklist
- Common buying mistakes
- Coverage you really need — and don't need
- What to do if you're in an accident
- Confusing insurance terms defined

The New Jersey Car Insurance Buyer's Guide provides an insider's view of what auto insurance coverage drivers really need and why.

This *Guide* helps consumers purchase the appropriate car insurance based on the consumer's real needs: the type of coverage, how much coverage, and what the coverage is really for.

The *Guide* provides independent, unbiased explanations that are critical in states like NJ where insurance companies are protected by state statute from fault and profit from poorly structured car insurance policies.

New Jersey Car Insurance Buyer's Guide:

What You Need To Know

and the insurance company won't tell you!

Howard P. Lesnik, Esq.

My NJ Injury Attorney Howard P. Lesnik

928 Mountain Avenue

Mountainside, NJ 07092

908-264-7701

www.LesnikLaw.com

Copyright © 2022 by Howard P. Lesnik

All rights reserved. No part of this book may be used or reproduced in any manner whatsoever without written permission of the author.

Printed in the United States of America.

ISBN: 978-0-9910628-2-9



Introduction

Who Wrote This Book and Why Should I Listen to You?	2
The Basic Rules of the Insurance Game	2
The Coverage Equation.....	2
Why You Should Listen to Me.....	2

The Basics

Primer.....	4
-------------	---

What Do I Need?

Uninsured Motorist Coverage—What It Means to You.....	6
Pennywise and Pound Foolish? Go for the Maximum	8
Underinsured Motorist Coverage — Why You Need It — A Case in Point	9
PIP: The 17-cent Mistake That Can Cost You Big Time	11
Who Pays Your Medical Bills?	11
The 17¢ Mistake Explained.....	11

Consumer Alerts

Why You Should Never Lie On Your Application For Insurance	13
Geico V. Nelson and Martino	13
Misrepresentation May Mean No Benefits	13
What Is An Auto Insurance “Threshold” In NJ? And Why You Better Know!.....	15
New Jersey No-Fault Insurance Explained.....	17
Duty of Insurance Brokers and Agents.....	20
About “Property Damage Liability”	22
How To Avoid Wrecking Your NJ Car Insurance Claims.....	23
Compensation for NJ Car Accident Personal Injury Claims.....	25

Who Wrote this Book and Why Should I Listen to YOU?



I have represented people involved in motor vehicle accidents for over 20 years. I don't handle wills, or real estate, or commercial transactions, I only handle injury and accident cases. You can learn more about me at www.LesnickLaw.com.

First, thanks for requesting this book. The information I'm offering here is an insider's view of what auto insurance coverage you really need and why. Consumers need this guide because there is a New Jersey Statute which specifically states that you cannot fault an insurance company or an agent for failing to properly inform you about the type of coverage you really need, how much coverage you really need, and what the coverage you are buying is really for.

The basic rules of the insurance game

Why don't insurance companies and their agents want you to be well informed? Because their real goal is generating revenue. They are not charities. They are in business to enrich their stockholders — not to help people. They are purely in it for profit. Think of it. They are selling a product you must, by law, buy. How many industries have such a captive audience? If you want to own a car in New Jersey (and not get in a whole lot of legal trouble and lose your license), you **MUST** buy car insurance. So the insurance companies have a captive market, and **YOU** are part of it.

Think one step further: how do insurance companies make money? They take in more money in premiums than they pay out in claims or benefits and expenses. It's that simple. Of course, the best possible world for an insurance carrier would be to take in premiums and **NEVER** pay a claim. And believe me, the way some of them do business, they try very hard to get close to that ideal.

The coverage equation

The insurance companies' other concern is how much coverage you have. If you have a lot of coverage, they have a much bigger risk of big payouts. The less coverage you have, the smaller their risk. Makes sense, right? So is it starting to make sense

that maybe they WANT you to have bad coverage? In my opinion, the insurance companies deliberately keep you in the dark about coverage and what it really costs — and very deliberately appeal to your natural inclination to save money — by offering and selling policies that are a LITTLE cheaper, but have MUCH less coverage.

Why you should listen to me

Please understand, I don't sell insurance and no one in my family does. I don't stand to profit by giving you this information. My opinions voiced in this book are formed by meeting with hundreds — if not thousands — of potential clients and learning that they know almost nothing about car insurance — what the different coverages are, what coverages they should have, or the coverage limits they have. Yet these folks have spent hundreds — sometimes thousands of dollars for insurance. The public is largely ignorant of what an insurance policy really means because, in my opinion, the auto insurance carriers want it that way.

I don't sell insurance and no one in my family does so I don't stand to profit by giving you this information.

My credentials include

- ➔ Battling insurance companies for over 20 years
- ➔ Board-Certified Criminal Trial Attorney by the NJ Supreme Court
- ➔ Member of the NJ Supreme Court Ethics Committee
- ➔ PAC Member, New Jersey Association for Justice
- ➔ Court-Certified Mediator
- ➔ Court-Appointed Guardian

Auto Insurance Primer

Requirements and limitations are placed on filing insurance claims and legal actions. Any recovery for damages to which you might be entitled will be at risk if you do not take the steps necessary to fully protect your rights.

Automobile accidents are, essentially, a fact of life. Here in New Jersey, we live and drive around in the most densely packed state in the union. Much as we all try to avoid them and no matter how carefully we might drive, they happen. You may be a terrific driver, with a spotless driving record, but that guy on the cell phone — not so much. Auto accidents do happen — sometimes with significant, if not tragic consequences.

Requirements and limitations are placed on filing insurance claims and legal actions. Any recovery for damages to which you might be entitled will be at risk if you do not take the steps necessary to fully protect your rights. Of course, in order to protect them, you first need to know what they are. The best source for that information is a personal injury attorney experienced in the area of motor vehicle accidents who has the skill necessary to handle the process for recovering monetary compensation. This includes:

- car accidents
- truck accidents
- motorcycle accidents
- pedestrian / motor vehicle accidents, and
- bicyclist / motor vehicle accidents

First things first. You may not see the necessity of involving a personal injury lawyer in your efforts to seek the recovery you feel you “deserve.” Perhaps you believe that your insurance company and/or the insurance company of the other driver will adequately recognize your rights. Sadly, this is usually not the case. Insurance companies are in business to save money by paying out as little as possible. They are not your friends. They are not here to help you. Everything they do is geared to help minimize payments.

Remember that the insurance company is a for-profit business. Its number one responsibility is, therefore, to the health of the company’s bottom line. Simply put, the less is paid out to you in damages, the better for the insurance company and its shareholders. Of course, if the other driver contributed to causing the

motor vehicle accident and was uninsured, you're faced with a significant challenge in recovering for damages which will, I assure you, be made more difficult without the assistance of a qualified lawyer.

If a motor vehicle accident is caused by someone without auto insurance, you will have to turn either to your own insurance policy's uninsured/underinsured motorist coverage, or any other coverage which may be available to you under the circumstances of your accident.

Even if you have a bare-bones automobile insurance policy typically sold online or by insurance agents, you may still have exposure to medical and financial loss. For example, if you're the victim of a motor vehicle accident and suffered serious bodily injury, what happens when:

- ➔ The other driver refused (illegally) or was unable to carry insurance?
- ➔ That other driver has a "basic" insurance policy with no bodily injury liability coverage?
- ➔ The other vehicle was stolen, thus voiding whatever insurance coverage was on it?
- ➔ The other driver has very little coverage on the vehicle — like the statutory minimum of \$15,000?
- ➔ The other driver is unknown to you — a hit and run driver, or a vehicle that takes off after driving you off the road?

What are your options under these circumstances? Will your insurance company cover the costs? How do you file a claim? Will you need a lawyer? These are among the many questions and issues that come up when you've been involved in a motor vehicle accident with an "uninsured" or "underinsured motorist" — two terms that are defined by law and can really complicate representation of a victim of a negligent driver.

Remember that the insurance company is a for-profit business.

Uninsured Motorist Coverage—What It Means to You

Most of my clients don't find out that they have terrible auto insurance until it's too late – they have been involved in an accident and they are sitting in front of me talking about what they can do.

By then it's too late to change anything. The coverage you have when a car accident occurs is fixed as of that date and nothing can change it. So be sure to get the right coverage from the start.

Uninsured Motorist Coverage provides coverage for damages incurred in car, truck, and motorcycle accidents involving an uninsured, negligent driver (if you have the right coverage).

Here in New Jersey, state law requires that you carry Uninsured Motorist Coverage with the following minimum coverage amounts:

- \$15,000 for injuries suffered by a single person in the accident
- \$30,000 for injuries suffered by all those injured in the accident
- \$5,000 for property damage caused by the accident

Most of us have the good sense to protect ourselves with more of this coverage which **MUST** be made available to you. When shopping for auto insurance, you should **NEVER** buy the least expensive level of coverage. Check into how much raising the policy limits will cost you. It's usually very cheap coverage (probably much less than the cost of the primary coverage). You should **ALWAYS** purchase uninsured and underinsurance coverage that protects you and your loved ones for at least the same amount of protection you have in the liability portion of your policy. Why? Your recovery for damages suffered in a motor vehicle accident involving an uninsured or underinsured motorist is limited to the coverage you bought as your Uninsured/Underinsured Motorist coverage. Clearly, trying to save a few extra bucks in premiums won't serve you well here.

*Insider Tip!
UM/UM on your
policy means
Uninsured
motorist/
Underinsured
motorist*

*New Jersey
currently ranks
number two in most
expensive places
to buy auto
insurance,
second only to
Washington, D.C.*

IMPORTANT! IF YOU LISTEN TO NOTHING ELSE:

Remember that the Uninsured/Underinsured coverage is for YOUR benefit — and those you love — and the liability coverage is for the benefit of someone else — someone you may cause injury to. Aren't you more interested in protecting yourself and your loved ones at least as much as protecting total strangers??

*Important!
This coverage
protects YOU!*

Uninsured/Underinsured Motorist Coverage is designed to insure YOU against losses caused by uninsured, underinsured and unknown drivers. “Unknown”, you ask? Yes, unknown, more commonly referred to as “hit-and-run.”

Given that the Insurance Research Council (a nonprofit organization) estimated that as of July of 2011 a full 11 percent of New Jersey drivers were driving without legally required automobile insurance coverage, understanding your rights and responsibilities under both Uninsured Motorist and Underinsured Motorist Insurance policies is essential to your best interests. And, yes, this is where having an attorney experienced in motor vehicle personal injury law comes in very handy. More on that in a bit.

Here, then, are some facts every driver should know about these types of insurance in New Jersey, especially if you've recently been involved in a motor vehicle accident in which the other driver was uninsured, underinsured or simply vanished.

To collect underinsured or uninsured motorist benefits under an insurance policy in New Jersey you will need to prove that the other driver was more at fault than you (per the state's Comparative Negligence Law). Now, while evidence in some situations clearly establishes fault (for example, in New Jersey a driver who rear-ends another vehicle is usually held to be 100 percent at fault or “liable”), liability in other cases is not clear-cut. The gathering, review and presentation of information (evidence) are critical to your efforts for recovery of monetary compensation. An attorney experienced in personal injury law and litigation is ideally suited to do just that.

Comparative negligence does mean, however, that your insurance company can attempt to reduce the amount of the settlement or recovery paid to you by the percentage you were deemed to be at fault for the evidence. Again, see how a lawyer might be helpful?

If the other driver doesn't carry enough insurance to fully cover your damages, you must still submit your claim to his or her insurance carrier who will, once their driver is found to be at

What do I need?

This is how "UM" coverage protects you. ➡

fault, and the company is properly persuaded, pay damages, but only up to the liability limits of his or her policy. If that amount is insufficient to cover the full extent of your damages, you can then, and only then, submit a claim for further compensation under your own policy's Underinsured Motorist Coverage, and sometimes the policies of others as well.

It is advisable to inform your insurance company as soon as possible that the other driver may not have had adequate insurance to cover your losses or, for that matter, any insurance at all. This will save you time later when those facts are confirmed and you need to start the claim process with your company. The problem is there is no requirement that a negligent driver's insurance company disclose policy limits before litigation has been started (in court, usually by a lawyer).

Be aware that you are not permitted to settle with the insurance company of the other driver without the authorization of your carrier if you decide to press an underinsured motorist claim.

In order to recover damages under an uninsured or underinsured policy provision, you will need to establish not only that the other driver was at fault (or more at fault than you) but must also prove that you suffered actual and significant bodily injury. Such insurance coverage is not likely to kick in when injuries are minor, which is another reason an attorney can probably represent your interests better than you yourself can. I know how to obtain your medical records, medical bills, objective narrative medical findings from your physicians and what questions to ask to ensure those reports from your doctor(s) adequately address those matters relevant to establishing the extent of your injuries.

Motor vehicle accidents frequently result in challenging settlement efforts which often lead to the need for litigation. Throw in the added complications of dealing with an accident involving an uninsured or underinsured motorist and you can see why your post-accident conduct and the approach you take in pursuing a claim is so critical to protecting your best interests. Remember too that even your insurance carrier wants to pay out as little as possible to you, even though you are the "insured".

Pennywise and Pound Foolish?

You're a good law-abiding citizen, and you go out and spend way too much of your hard earned pay on auto insurance. Then a day comes when you are injured in a motor vehicle accident. What happens if the other driver failed to get any insurance at all? (Same result if the car or truck was stolen.) What happens is: **YOUR** own insurance steps in and stands in the shoes of the insurance carrier for the other vehicle, **BUT ONLY UP TO THE AMOUNT OF UNINSURED MOTORIST COVERAGE YOU HAVE PURCHASED ON YOUR POLICY.** Why am I emphasizing? Because many insurance carriers will offer a very low amount of coverage to you (\$15,000) linked with an offer to save a certain percentage of the premium. **DON'T LISTEN!**

The insurance carrier does not explain what the coverage is, only that you can save money by choosing a lower amount of coverage. By offering a small savings on insurance premiums, it is my belief that insurance carriers try to influence their customers to opt for inadequate Uninsured Motorist Coverage and thus limit the insurer's exposure to payments for auto accidents involving uninsured, negligent drivers. They very seldom tell you that **UNINSURED MOTORIST COVERAGE IS THERE TO PROTECT YOU AND YOUR LOVED ONES** by compensating you for injuries and losses caused by a negligent driver, if that driver violated the law and has no insurance.

Go for the maximum

By law, your insurance must offer you the same amount of uninsured motorist coverage as the liability coverage you have purchased. So if you buy \$300,000 in liability insurance (meant to protect someone else who gets injured as a result of **YOUR** mistake in driving) please, please, please, **ALWAYS** get as much **UNINSURED MOTORIST** coverage as you have in bodily injury liability coverage. The cost difference is not great and well worth it for **YOUR** protection, and the people you care most about.

Lesson:

Buy as much
"UM/UM"
coverage as
you can.

Underinsured Motorist Coverage — Why You Need It

*Underinsured
Motorist
Coverage is
always linked
with Uninsured
Motorist
Coverage
(UM/UIM)*

Underinsured Motorist Coverage is an auto insurance policy coverage that protects drivers for property damage and bodily injury caused by car accidents when the other driver has *insufficient* coverage.

Underinsured Motorist Coverage compensates the injured party for the difference between the injury suffered from the auto accident and the liability covered by the insurance of the driver at fault. And, like Uninsured Motorist Coverage, Underinsured Motorist Coverage is a part of your auto insurance policy that your insurance carrier would rather you didn't know about.

A case in point

Here's an example of how Underinsured Motorist Coverage works:

I recently resolved a case for a lovely senior citizen who was seriously injured in a motor vehicle accident due to the negligence of another driver. At the time of the accident, the other driver was driving erratically, weaving in and out of traffic, speeding, and broadsided the car that my client was driving. My client suffered multiple fractures that required surgery, a collapsed lung, and a minor (thankfully temporary) form of brain injury. My client was in the hospital and rehabilitation for two and a half months.

As I sat with my wonderful, older client and her son, I explained to them that the amount of liability coverage that was purchased by the driver whose negligence caused her injuries was only \$100,000, far too little to compensate her properly for the serious injuries that his negligence had caused her.

Fortunately, my client had set her Underinsured Motorist Coverage at \$500,000 when she purchased her auto insurance. When the reckless, negligent driver's insurance company offered its \$100,000 policy limit, my client's insurance company stepped in to pay up to the remaining \$400,000 of Underinsured Motorist Coverage that she had selected, and my client was fully and fairly compensated for the injuries and losses that she suffered.

Underinsured Motorist Coverage is always linked with Uninsured Motorist Coverage; it is sometimes abbreviated as “UM/UIM Coverage.” When the policy limit for one coverage is set, it automatically sets the limit for the other.

Underinsured Motorist Coverage is very inexpensive coverage, and insurance companies are required by law to offer UM/UIM coverage up to the same amount of liability coverage that you are purchasing. *ALWAYS* get as much UM/UIM coverage as you can — as much as your bodily injury liability coverage. Proper UM/UIM coverage is the only way to protect you and your loved ones from uninsured and underinsured and reckless drivers. It is cheap peace of mind.

PIP or The 17-cent Mistake That Can Cost You *BIG TIME*

PIP protects you and your family from crushing medical bills

OK, we’ve covered Uninsured Motorist coverage and Underinsured Motorist coverage—the “UM/UIM Coverage” in your policy.

Now let’s talk about PIP. It stands for Personal Injury Protection. Why do they call it that? To hide and confuse, in my opinion, that’s why. It’s really medical expense coverage—like your medical insurance (if you have it) or Medicare (if you’re eligible). The problem is, these days too many of my clients don’t have medical (health) insurance and they are not eligible for Medicare. So if you’re in a car accident, many times “PIP” is the *ONLY* medical insurance that is available to pay your bills, which can get hefty very fast. Are you concerned yet? You should be! Read on.

Who pays your medical bills?

Here’s a little quiz for anyone reading this who has never been injured in a car accident: who pays your medical bills if you’re injured in a car accident? Based on most of the phone calls I get, the meetings I take with new prospective clients (free consultations) and conversations I have with non-attorneys—most people think it’s the other guy’s insurance carrier. Wrong!

Even if you're rear-ended by someone's car as you're stopped innocently waiting for the red light to change to green? Under New Jersey law, your insurance policy pays your medical bills, and that coverage is called Personal Injury Protection—PIP. New Jersey is a “pure no-fault” state — meaning that it never matters whose fault the accident was — it's always *your* insurance that pays your medical bills. (If you have no auto insurance, other policies may provide PIP insurance as required by law.)

New Jersey is a “pure no-fault” state — meaning that it never matters whose fault the accident was — it's always your insurance that pays your medical bills.

The 17¢ mistake **EXPLAINED**

So tell me this: if this PIP insurance is to pay your medical bills—and everyone knows that medical care costs are going nowhere but up—why do so many people opt for the minimal coverage available (\$15,000)? Let me illustrate how silly this decision is. This is a real case in my office. My client was in a terrible accident at high speed on a highway in New Jersey, totally not his fault. He needed shoulder surgery. He needed pain management (epidural injections into his neck to ease the inflammation and help stop the pain) and then he needed surgery on his neck to fuse two vertebrae. There was more treatment, but you get the point. Can you imagine what the bills are like? They are well into six figures. Can you guess how much medical coverage he had on his policy? \$15,000. He had no idea what the coverage was (what does personal injury protection mean?) and the choice he and his wife were given online was to take the \$250,000 in PIP coverage or save 16% to 33% by choosing the \$15,000 option. (Here's a hint: 15% to 33% off what?)

Who doesn't want to save money? But here's the eye-opener: the difference between the \$250,000 in medical expense coverage (PIP) and \$15,000 was all of \$60. Think of it—he could have

gotten another \$235,000 in coverage to protect himself and his loved ones from crushing medical bills—for \$60—that's less than 17 cents a day!

There are other coverages in auto insurance policies whose meanings are obscured, in my opinion, purposely by the insurance companies, to lead you to believe that they are not important. Insurance companies lobbied for and got statutory immunity for themselves, agents and brokers for negligently (again, my opinion) failing to inform you properly about what coverages mean and the comparative costs of different levels of coverage. They are allowed to entice you to buy lower coverage by giving you a percentage range you'll save—they don't mention the dollar amounts. So you are on your own. Be an informed consumer of insurance coverage, including auto insurance coverage. If you don't know what you're buying, you are not doing yourself or your family any favors. I know some people have to save wherever they can. But at very least know what you are giving up if you don't buy better coverage and find out how much better coverage would cost. In the example above, would you pay \$60 for another \$235,000 in medical bill coverage? I think most people would. On the other hand, if you go online or into an insurance agent's office and ask for the cheapest insurance policy you can possibly get, be prepared for some *very bad news* if you or your loved one gets injured in an accident!

If you need information about what a coverage is, what kind of coverage you should have, what your coverage means to you after an accident, or the cost of one insurance over another, you can contact my agent, Rich Reiner (973-376-6810, Rich@Reiner-Insurance.com). Rich told me recently he got a lower price for a policy than offered by the lizard online (you know the company I mean.) Rich has been placing my coverage and advising me for over 20 years. I personally, as you can imagine, have very comprehensive coverage (placed by Rich). Every now and then I go online to check the cost of my coverage against those offered online — and there is little or no difference in price.

\$60 for \$235,000 in coverage? A no brainer, right?

Be an informed consumer of insurance coverage, including auto insurance coverage. If you don't know what you're buying, you are not doing yourself or your family any favors.

Why You Should Never Lie on Your Application for Insurance

Don't lie on your policy application about who lives in your home and who will be driving your cars!

How would you like to find out you really have no insurance at all on your car *AFTER* you have been in an accident and suffered serious injuries - and after paying all your premiums? It can happen. Attorneys who do this work have known this for years, and so have insurance agents. Make no mistake, this is something all New Jersey auto insurance policy holders should know: if you lie on your insurance application, despite your payment, and the issuance of a policy, you may have no insurance at all.

GEICO v. Nelson and Martino

This was driven home yet again in a recent unreported decision of the Appellate Division, *GEICO v. Nelson and Martino*. Here's what happened: Ms. Nelson owned two cars in her name. Mr. Martino lived with her since 1993, and they had a child together. When Mr. Martino was involved in an accident while driving Ms. Nelson's car, he was seriously injured and incurred over \$11,000 in medical expenses. He asked GEICO, Ms. Nelson's insurance carrier, to pay the bills. GEICO then learned that the couple lived together and had done so for some time.

Perhaps in order to save money, or perhaps mistakenly, Ms. Nelson answered "no" when asked in the auto insurance application if there were any other residents of the household who would not be listed as drivers, when the answer was clearly "yes". Instead she listed herself as the driver of both cars. Mr. Martino was not identified as a resident of the household, nor as a driver of either of the two cars. Essentially, Ms. Nelson either lied or inadvertently misrepresented the facts.

GEICO sued not only to have the court ratify the denial of benefits to Martino, but also to void the auto insurance policy issued to Nelson *ab initio* (Latin for “from the start”); the trial court did exactly that. The appellate court has now agreed. Relying on previous New Jersey law on the same subject, Rutgers Casualty v. LaCroix, a New Jersey Supreme Court case, the ruling was that when the named insured makes affirmative misrepresentations or material omissions in an application for insurance coverage, an insurance carrier has the right to void an automobile insurance policy *ab initio* — leaving the purchaser with *NO COVERAGE*.

Misrepresentation may mean no benefits

So for Mr. Martino, no medical benefits will be paid and the policy is voided, because of a misrepresentation — a lie. The Court went to great pains to point out that Ms. Nelson’s premiums would have been substantially higher if she had told the truth on her application. We can all understand Ms. Nelson’s wish to save premium dollars. We all know that car insurance is extremely expensive, especially in light of the hard time we all get from insurance carriers when a claim arises. But be aware of the consequences if you make a “material misrepresentation” in your auto insurance application.

The lesson for all auto insurance consumers: don’t lie on your policy application about who lives in your home and who will be driving your cars. Your policy can be voided and you are rendered uninsured, which can have its own legal consequences. Do you really want to be in an accident and have your insurance coverage voided? It may hurt, but tell the truth!

What Is an Auto Insurance “Threshold” in NJ? And Why You Better Know!

When you apply for auto insurance, there are a lot of choices in coverage you have to make, and we have discussed many of the important ones. One of the most critical choices, though, is the “threshold,” a/k/a/ the “lawsuit threshold”. With one choice, you save a good bit of money (Limitation on Lawsuit Threshold) and on the other choice (No Threshold) you do not. The savings can be significant. So it’s a no-brainer, right?

Not so fast. Be an intelligent insurance buyer!

Here’s the difference: No Threshold means you can make a claim (and then sue if the other driver’s insurance carrier does not settle the claim) no matter how slight or how serious your injury is. If you have elected to save premium dollars and opt for the Limitation on Lawsuit, your options are very limited. If you have this in your policy, before recovering anything for pain and suffering (what the law calls non-economic damages) you have to prove one of six injuries listed in the statute.

Type 1 – Death (the legislature thinks this is a serious enough injury!)

Type 2 – Dismemberment

Type 3 – Significant disfigurement or scarring

Type 4 – Displaced fractures

Type 5 – Loss of a fetus

Type 6 – Permanent injury (when a body part has not and will not heal to function normally)

A permanent injury must be proven in a very specific way as defined by New Jersey Statute: with a Certification of Permanent Injury from a treating doctor — who will say, under penalty of perjury, that you have suffered a permanent injury to a body part or organ which will not recover even with further treatment — and this has to be based on OBJECTIVE evidence – like an MRI

or CT scan or x-ray test that does not rely solely on the response of the injured person. That certification is your ticket to proceed to trial but not necessarily to compensation.

Threshold limitation may mean no compensation

This means at very least that many whiplash injuries and simple fractures suffered by innocent victims of another driver's negligence will remain uncompensated — that is what you give up when you choose to save money by taking the Limitation on Lawsuit Threshold.

Even pretty serious injuries (to those who suffer them, not the insurance companies) like bulging or herniated discs — including those requiring epidural injections to control pain and inflammation — have been the subject of decisions dismissing a claim, or jury verdicts saying the victim gets absolutely nothing despite injuries — because the jury does not believe that the injuries are permanent. In the final analysis it is always up to the jury to say if they believe you have a permanent injury.

Remember, having the certification from the treating doctor only gets you in the courtroom. The insurance companies have their “hired gun experts” (my opinion) who will say, whatever the evidence, that either your injury has disappeared, or that you have an injury which is not permanent, or that while you may have a permanent problem, it is not a result of this accident, but the normal aging process and degenerative conditions. Don't think this does not happen — I see it every day. And these bought-and-paid-for witnesses (again, my opinion) make in some instances hundreds of thousands of dollars a year examining people injured in accidents and rendering “opinions” in court several times a week for the insurance carriers. And unfortunately most times they are believed by the juries — after all, they are professional witnesses and in some instances very polished in court.

Judges who preside over these trials will tell you that the success rate for insurance companies may be more than 90% in these “Limitation on Lawsuit” cases — meaning that the injured person has been awarded nothing at all. I have heard lower estimates, but the outlook for an accident victim with the “limitation on lawsuit threshold” is not especially bright.

If you can possibly afford it, pay the extra money and protect yourself and your loved ones from the negligence of others on the road. It only benefits the insurance companies in the long run if you do not.

I have been a personal injury litigation attorney for over twenty years and I have represented thousands of clients who have been injured in auto accidents. These cases many times rise and fall on what threshold my client (or her spouse, or parent) has selected when they purchased insurance.

In the last study I read, it was reported that between 85% and 90% of all drivers have selected the “Limitation on Lawsuit Threshold.” Maybe 10% to 15% of drivers have opted for the more expensive “No Threshold.” Why? It’s because the insurance companies and their agents are specifically exempt (by statute) from liability for failure to properly explain what this important decision really means to you.

What they do say is: you can save money by making this selection — is that what you want? Of course everyone wants to save money — but at such a cost? I totally understand that in these challenging economic times, we are all looking for ways to save money. Now that you know what you’re sacrificing for the lower price, at very least, find out how much the cost difference is. If you can possibly afford it, pay the extra money and protect yourself and your loved ones from the negligence of others on the road. It only benefits the insurance companies in the long run if you do not.

For me and my family, I will continue to select “NO THRESHOLD” and I strongly urge you to do the same. If someone’s negligence hurts someone in my family, I want them to get the compensation they deserve for pain and suffering, without having to worry about proving that they will be injured forever — in the opinion of the six strangers on the jury, being told half-truths and outright lies by the insurance company’s hired gun “expert.”

New Jersey No-Fault Insurance Explained

As the name suggests, no-fault automobile insurance provides coverage if you are involved in a motor vehicle accident regardless of who was at fault. You might be surprised to discover that statement may be the only simple thing about no-fault insurance. New Jersey is a pure “no-fault” jurisdiction which means that it has specific statutory and regulatory requirements and limits regarding when, how much and for how long an individual injured in a motor vehicle accident (MVA) may be entitled to benefits resulting from that accident. Many of those limits are imposed by your own choices when you bought coverage in the first place — like how much your insurance carrier has to pay in medical bills and / or lost wages, and whether your insurance carrier has to pay to take care of collision damage to your vehicle.

Under a no-fault scheme, your insurer covers your economic losses, even if you’re at fault up to the policy limits you have chosen. As a driver under such a no-fault policy, you will be looking to your own insurance company to pay your medical bills even if another driver was at fault. We have had this kind of insurance in New Jersey since the early 1970’s, yet many people who call me about motor vehicle accidents still think that if the accident was the other driver’s fault, (that is, due to the other driver’s negligence) the other driver’s insurance company should pay the medical bills generated as a result of the accident. Not so. A no-fault system is, of course, in some ways preferable to a system that requires investigation, a claim and then litigation in order to identify who was at fault, negligent (or most at fault) prior to determining which insurer will bear the brunt of compensating for economic damages.

You can guess that insurance companies, whenever possible, deny, deny and deny. They can’t help themselves; it’s what they do. This used to result in tons of litigation over who should pay the bills. That’s why the legislature chose a no-fault system of insurance to get bills paid. It makes a lot of sense, right? Not so fast. You still have to keep a close eye on any insurance carrier — especially your own. While somewhat streamlined, the no-fault process of payments of medical bills and the like is anything but free from obstacles and challenges.

While somewhat streamlined, the no-fault process of payments of medical bills and the like is anything but free from obstacles and challenges.

Many accident victims cannot understand why their own insurance carrier would give them a hard time about medical bills. There are any number of ways that an insurer can engineer a denial of medical bills. The favorite of the industry is to send you to a doctor of their choice (think, in many cases, “bought and paid for”) who will write a letter giving the opinion that you don’t need any more treatment as a result of the accident or stating that a test ordered by your doctor is not medically appropriate. (There are doctors out there who examine for the insurance companies and authorize needed treatment or testing, but they are few and far between.)

You can see that failing to properly handle a no-fault claim will may place you in a worse position than if the accident occurred in an at-fault jurisdiction. That’s because your own insurance company can drastically affect your right to bring a claim for NON-ECONOMIC damages (like pain and suffering damages) later. Many attorneys who work in this field believe that insurance companies act together to limit 1) your no-fault benefits as much as possible and 2) limit your ability to bring a third party case against the other (at fault) driver later by limiting treatment and what you’ll be able to prove through a treating doctor’s records, testing prescribed, and treatment.

“Wait a minute” you say, “doesn’t no-fault insurance pretty much eliminate the need for a lawyer or legal action? After all, my insurance company is my insurance company and works for me, so I have nothing to worry about, right?” Short answers: No and no.

Remember that no-fault insurance, while it pays benefits for you in the event of a motor vehicle accident, does not do so automatically or without limitations or restrictions. There are steps to follow, factors to consider and decisions to be made after a motor vehicle accident that will determine the amount and form of your monetary recovery for non-economic damages, like pain and suffering, loss or limitations on your previous lifestyle, wages that are not covered by your auto insurance or disability insurance, and the like.

In New Jersey, your no-fault insurance coverage is commonly referred to as Personal Injury Protection, or PIP. This type of insurance pays for medical expenses incurred as a result of a motor vehicle accident by you, your family members, and

sometimes passengers in your car (if they don't have their own auto insurance with PIP benefits) who may have been injured. Such coverage extends to medical bills. There are also coverages for some wage loss, some essential services up to a small amount per day, and (heaven forbid) funeral expenses. It does not, however, cover pain and suffering or damage to your vehicle — unless you have collision coverage.

A very important thing to remember regarding PIP is that unless you have paid extra premiums for a No Threshold Policy, there are severe limitations on whether you will be able to recover compensation from the other driver's insurance carrier. If you do not have a No Threshold policy and simply have in place the "Limitation on Lawsuit Thresholds" contained in a standard no-fault policy, then you will only be able to sue for damages if the injuries you suffered are substantial and both their existence and severity can be established via objective medical evidence. For those damages, you need to make a third party claim (and perhaps later institute litigation) against the driver of the other car and his/her insurance carrier.

A quick word about what happens if you were injured in a motor vehicle accident during the course of your employment: If this applies to you, then PIP usually does not. Workers' Compensation coverage many times is the first level of recovery for payment of your bills; also, your worker's compensation insurance carrier will have the power to direct you to their approved medical care providers. There are times you can avoid this, and you should seek the advice of legal counsel on this issue.

In my experience, there is a hierarchy of concerns after a motor vehicle accident: First and foremost comes the fear of having suffered a significant and permanent injury, followed closely by the fear of being out of work and inability to pay the bills. An accident can really lead to financial disaster and complete change of lifestyle, including moving to new less expensive or more accessible residence, finding a less physically demanding job, and so on.

Filing a claim for New Jersey State Disability is the first step if loss of income is an issue. Although this won't pay a lot, it will still pay something. You should also file a claim for Personal Injury Protection Income Continuation Benefits under your own policy. The amount to which you are entitled depends on your actual loss

of income and the weekly benefit amount you selected under your policy. Any loss of income that is not paid by State Disability or under your auto insurance may be recoverable in a legal action for damages suffered as a result of the injuries caused by the accident.

Simply put, no-fault insurance is really not that simple. The landscape is littered with barriers, both legal and otherwise, that may impede or even preclude your recovery efforts in the event you have suffered personal injuries as a result of a motor vehicle accident. Combine these truths with the fact that the insurance company, your insurance company, is in the business of paying out as little as possible on every claim filed and you'll understand the need to be cautious. It will pay you to remember that to all insurance carriers, including your own, once you are making a claim, including a claim for benefits you have paid for, you are the enemy! (At least that's the way it seems from my experience of over 30 years.)

In theory, insurance is supposed to provide peace of mind. In reality, the mental state of many dealing with insurance, especially because of personal injury, can be far from peaceful. It's no fault, right? Then you shouldn't be punished. That's why accident victims find they need an experienced personal injury attorney to properly handle the insurance companies.

Duty of Insurance Brokers and Agents

Automobile insurance agents and NJ drivers are bound to work together by law, but each has a different set of goals and objectives.

Driver's Goals for Car Insurance Policies

Protection from losses due to:

Accident

Theft

Vandalism

Natural Disaster

Assistance for claims

Agent's Goals for Car Insurance Policies

Maximize commission

Maximize number of clients

Maximize company's profits by minimizing risk

Since most agents are motivated to write policies that minimize their company's risk, and the driver is motivated to minimize their losses, there is an inherent conflict in the arrangement.

Unfortunately, many consumers incorrectly assume that the insurance agent or broker has a duty to recommend coverage which best protects the consumer from losses, and would be obligated to recommend appropriate levels of Uninsured Motorist (UM) and Underinsured (UIM) Motorist coverage. Sadly, the agents and brokers are not bound to offer UM & UIM with adequate limits of liability in NJ.

Agents are protected by NJ law and cannot be held liable for giving bad advice or even no advice. Given that it is estimated that each New Jersey driver is involved in an accident on the average of once every twelve years — every NJ driver needs the

best advice when purchasing automobile insurance, yet many times cannot rely on their brokers and agents to get it.

Consider the kind of exposure to loss you may have by not purchasing adequate UM/UIM coverage through the lens of a case considered by the NJ Supreme Court.

The insured endured severe injuries amounting to \$1.2 million in damages. Her injuries resulted from a collision with a tree as she swerved to avoid two dogs playing in the street. Although the dog owners had homeowners insurance, each had liability limits of only \$25,000. The court determined that the agents did not have a general duty to review and recommend increased coverage for the homeowners.

Regarding personal injury protection (PIP) insurance, NJ now requires insurers to offer a \$250,000 coverage limit as the default option for personal injury protection benefits. (N.J.S.A. 39:6A-4). If an applicant wants lower limits, they are now required to affirm their request in writing. However, NJ regulators continue to see many violations. As an example, defaults on insurance websites often are set to the minimum PIP coverage limits. (<http://www.insurancejournal.com/news/east/2012/08/20/260039.htm>)

An insurance consumer looking to protect themselves and their family needs to review their auto insurance policy very carefully and make sure they are being adequately protected from loss. The cost of adequate UM/UIM and PIP insurance coverage is minimal and is in your best interest.

About “Property Damage Liability”

If you already have \$100,000 in property damage insurance on your auto insurance policy, you can skip this. If you don't, you should increase your coverage right away. Here's why.

Property damage liability is that part of your car insurance policy that protects you if you make a mistake and cause damage other than bodily injury — typically, damage to someone else's car — but it also applies to hitting an object — like your neighbor's house or that store front window. If you have a low property damage limit, you risk a situation where your insurance company pays out its property damage limit (maybe \$25,000) and tells you you're on your own for the rest.

Face it, we live in a pretty affluent state. There are some high rollers driving around in very expensive cars — think about the big Mercedes or BMW's (not to mention the more exotic names out there). And frankly we are seeing more and more folks of fairly modest means driving expensive cars as well due to the magic of leasing. If you make a mistake driving and “total” one of these cars, the bill could be over \$50,000 pretty quickly, and then your personal assets are on the line.

So if you are really protecting yourself, and that's the purpose of insurance in the first place, think about moving away from that \$25,000 property damage limit you may have now. Think along the lines of \$100,000 for true protection — it's not that expensive.

Another word about “combined single limit” policies: if these words appear in your policy, you may not have a separate “property damage” coverage limit. You could have one limit of liability combining “bodily injury” and “property damage”. As long as this limit is high enough — say, \$500,000 — that's fine, but more is always better if you have any hard earned assets to protect.

How to Avoid Wrecking Your NJ Car Insurance Claims

Perhaps you've heard it said that regretting the past is nothing more than "herding cows." C-O-W-S. As in "Coulda, Qughta, Woulda and Shoulda." We've all made decisions we wish we could take back and do over. Fortunately, most of these don't involve anything too serious and the consequences are usually something we can live with over time. However, some decisions lead to serious, if not catastrophic outcomes which leave long-lasting, perhaps even permanent marks on our lives and the lives of our loved ones. Unfortunately, as a lawyer, I see this play out all the time. Bad decisions are often made not because of bad intentions, but because of bad information. Or bad advice. Or, worse yet, both.

When you make an auto insurance claim, you must proceed with care if you hope to avoid a less than desirable (or awful!) outcome. Your actions or inaction may impact the amount of compensation or medical assistance you receive, or even whether you receive anything at all! As a personal injury attorney experienced in successfully representing clients in motor vehicle accident claims matters, I've learned there are certain things you need to keep in mind to increase your chances of getting the outcome you deserve after being injured in an automobile accident. These include:

→**Seek legal advice.** "What?" you ask. "Surely I don't need a lawyer to deal with the damage to my car/my medical bills/lost income. Come on, that's what the insurance company is for." As it turns out, the insurance company is there for many reasons, but not one of them is to make your life easier or arrange for the best financial settlement for you. It's in the business of making money and it can only do that if the amount it pays you (and every other person who files a claim) as little as possible. Do not think for a moment that the claims adjuster is being nice to you because he or she likes you. That adjuster's primary purpose in dealing with you is to get you to settle your claim as quickly and economically (for the insurance company) as possible. On the other hand, if you won't cooperate they can drag a claim out almost interminably.

- **Review your insurance policies.** Regardless of who is at fault for the accident, you may have to look to your carrier for some, if not all, of your recovery. For example, if the other driver was uninsured or underinsured, only your uninsured/underinsured motorist coverage will save you. In New Jersey, your insurance pays your medical bills.
- While you're at it, **check to see whether you have any additional insurance coverage.** Supplemental coverage under your homeowners' or another auto policy may come into play. If you have purchased an excess or umbrella policy, it also may be involved.
- **Inform your insurance carrier as soon as possible after the accident.** Failing to do so may create problems for you down the road, especially if your credibility regarding some of the facts surrounding the accident comes into question. Any delay by you in reporting the accident could be construed as an attempt to hide something and an indicator that you may have been at fault or more at fault than you claim. And always tell your carrier the truth. But do not talk to or give a statement to another driver's insurance company.
- **Lights, camera, action.** If you are physically able, take pictures and extensively detail everything you can think/remember/observe about the accident, the scene of the accident, the weather and road conditions, witnesses names and phone numbers, what the other driver was doing (texting, anyone?), etc.
- **Take notes.** Of everything. Conversations with police, insurance investigators, adjusters, anyone with whom you speak about the MVA. Names, phone numbers, time, date, job titles, supervisors, the works. The more details you record in real time, the less recollection you'll be required to try to cobble together from memory (e.g., a sequence of events or what exactly was said during a conversation). Again, if your credibility comes into question at any time, this detailed information will prove invaluable to your efforts (and those of your attorney).
- **Keep records of receipts for any and all expenses you've incurred** for car rental, medical expenses and other purchases necessitated by the accident.

*Most important:
Be careful about
giving statements
(written or
recorded) to
someone else's
insurance carrier!*

Always tell your attorney if you have already given a statement to the other driver's insurance carrier!

→**"The facts ma'am, just the facts"**. When your insurance company contacts you for clarification or additional information about facts relating to the accident, answer only the question that is asked of you. Don't volunteer anything extra. Should you believe that an explanation or amplification of an answer is required, advise your attorney so that he can determine the best way to convey that information. Remember, there is never a reason to talk to the other driver's insurance company, EXCEPT if they volunteer to — and you want them to — pay for your collision damage. Then you talk ONLY about the damage to your car. No recorded statements, no discussions of your injuries. Always tell your attorney, if you have one, that you have been contacted and by whom. Once you have an attorney, no one should be asking you questions, except through your legal counsel.

→**Do. Not. Admit. Fault. Ever.** New Jersey is a comparative negligence state which simply means that if at least some fault can be attributable to both parties but you are less at fault, your recovery will be reduced by the percentage you are deemed to have contributed to the MVA. It's not your responsibility to carry out that assessment, nor are you qualified to do so, **even if you are sure you caused the accident.** If you tell the other driver or the police you caused the accident, that's called an "admission against interest" which can and certainly will be used against you later. If you plead guilty to a traffic summons, that can be used as an admission of fault, unless you asked for and got a "civil reservation."

→**Do not give an insurance company a recorded or written statement** until you've obtained legal advice as to your rights, responsibilities and the extent of your insurance coverage. The insurance company for another driver is *not* there to help you! (Quite the opposite!)

- **Don't settle for less.** Good advice for relationships, it's even better advice if you're injured in a motor vehicle accident. As mentioned previously, an insurance company is going to protect its bottom line so any estimates it provides you regarding losses and/or damages may not be fair or at least should be looked at very closely. Again, this is where I can help because it's what I do.
- **Don't sign a release/accept an offer of settlement without legal advice.** This really goes without saying, doesn't it? How would you know what is fair, what is usually paid in compensation? You don't unless you do this for a living.
- **"I'm okay, you're okay".** Not always! Don't try to comfort the other driver (or yourself, for that matter) by trying to convince everyone you're okay. You may not think you've been injured, but you might not discover the full extent of your injuries until days or sometimes sometimes weeks after the day of accident. It's hard to recover from an injury you once claimed didn't exist. Be aware that adrenaline has flooded your system when an accident occurs — the body's natural way to allow you to function. Many more times than I can count I have heard a client say "it didn't really hit me until I woke up the next day."
- **Get a legal opinion from an attorney with experience.** A motor vehicle accident is traumatic enough without an insurance company insinuating that you're lying about an injury which surfaces the next day. I counsel clients to always be truthful - it's still the best policy. It's too bad all insurance companies do not see it that way. Many, unfortunately, will lump you in with what they perceive to be fraudulent claims (and truth be told, they are out there) without any knowledge at all about you, your claim, or the facts. At my office, we stick with the facts and we won't be shaken.

Compensation for NJ Car Accident Personal Injury Claims

NJ drivers may recover compensation for injuries and damages from car accidents, truck accidents, motor-cycle accidents, pedestrian accidents, or bicycle accidents if someone else was at fault.

If you or a loved one has been involved in a motor vehicle accident (MVA) in New Jersey, you may be able to recover monetary compensation for injuries and other damages resulting from that accident. Note, however, that recovery for damages is not automatic; in fact, the legal environment is a complex place and there are many complications that may stand in your way when you seek to establish fault and quantify your damages — even to establish that you qualify to receive much-deserved damages under the terms of your own insurance policy.

This is not a legal environment for a beginner, a non-lawyer, or even a lawyer who does not concentrate his or her practice on this area of the law.

If you and/or a loved one have been injured in a motor vehicle accident, you may be able to recover damages from the party or parties responsible for the accident. The word “damages” in this context means monetary compensation for a victim’s injuries or losses — pain and suffering, loss of enjoyment of life, restrictions on what you can do for yourself, for your family, and at work.

Injuries for which you can be compensated include physical injuries such as broken bones, herniated or bulging discs in the spine, head/brain injuries, massive “soft tissue” injury and spinal cord/nervous system injuries as well as pain and suffering arising from those physical injuries, and efforts to be cured of the traumatic injuries suffered.

How do you know what kinds of injuries call for compensation? Many times, it is only after many months of treatment for what was at first called a “sprained neck” or a “sprained back” or “whiplash” by a doctor that you come to understand how serious an injury is. I have seen hundreds of cases where these rather innocuous diagnoses not only don’t go away — they get worse and

worse, then require surgery or in many cases permanent limitations on what your life used to be.

Other losses for which you may be able to recover damages include the following:

Loss of net income, both past and future

Mental pain and suffering. This is often difficult to prove and requires both solid evidence and effective representation in order to prove your case

Permanent impairment — difficulties in everyday life and on the job

Scars and disfigurement

Loss of enjoyment of life

Loss of ability to participate in pre-accident activities — things taken for granted by most- like sports, playing with the kids or grandkids, home maintenance, cooking, cleaning, hobbies, etc.

If your spouse is injured in a motor vehicle accident, you may be able to recover for some damages as well, even if you weren't in the car at the time of the accident. This includes what is called "loss of consortium," a principle that recognizes that when your spouse is injured, you also are indirectly injured - you don't have the same spouse you used to have. There can be a negative effect of auto accident-related injuries on the marital relationship. For example, injuries that adversely impact companionship, comfort, assistance, affection, sexual relations or other benefits of a marriage may support a claim for loss of consortium.

Another reminder about uninsured motorists: If the motor vehicle accident is caused by someone without auto insurance, you will have to turn either to your own insurance policy's uninsured/underinsured motorist coverage, or any other coverage which may be available to you under the circumstances of your accident.

Every accident is different, and an analysis of what coverage can benefit you is something an experienced personal injury attorney can provide. Whether you can benefit by other insurance policies (and whether you need to) is governed by statutory law and case law. Are you equipped to figure that out for yourself? Believe me, the insurance companies know the law, and they are not going to school you in what benefits are available to you.

Fortunately for many drivers in this state, New Jersey law usually requires that you have the following motor vehicle insurance coverage:

1. Liability
2. Personal Injury Protection (for medical bills)
3. Uninsured motorist
4. Property damage

Collision coverage on your own car is optional; underinsured motorist coverage is offered by all carriers but not required by law. Regardless of what injuries you or someone you love suffer as a result of a car accident, truck accident, motorcycle accident, or a pedestrian/motor vehicle accident, your potential for recovery of monetary compensation depends on many factors, some of which involve action on your part and others that involve making sure that you don't do certain things. Some of the most important of these include:

Never leave the scene of an accident. Ever. Call the police. Have them do a formal report, and get a copy when available to check it for accuracy.

Get/exchange accurate information. Verify, as best possible, its veracity. If the police investigate, they should do this.

Do not "play it off." I'm not suggesting you make anything up or embellish but there is nothing to be gained by trying to comfort the other driver that you're okay. You may be in shock or may have suffered an injury with delayed onset of symptoms (very common in "whiplash" cases, for example). If you state that you are fine at the scene, questions may arise as to whether your subsequent claims of significant injury are credible. If you feel hurt, get checked out at the emergency room. If you don't go right away, you can still go later or the day after should you exhibit symptoms. Don't ignore symptoms. If you don't see a medical care provider, any insurance company will assert you must have been fine.

Keep receipts of every single cent you spend tending to the injury. Medical and doctor bills, receipts for public transportation/cabs, receipts for massage therapy and other treatment, for example. Everything.

Keep a diary of your experiences and condition post-accident. Resolution of a motor vehicle accident claim can take a long time, sometimes even years. Relying on your own memory to describe how you were feeling two years before a court appearance will not serve you.

Do not discuss the details of the accident or your injury with anyone other than trusted members of your family and your lawyer. Remember, even your insurance company answers to a higher authority: The bottom line. Your adjuster or the adjuster for the other driver “can and will use what you say against you.” You do have to file an application for PIP benefits, and you do have to cooperate with your own insurance carrier’s investigation of the accident, which may include a recorded statement. But that’s as far as you need to go. If you do feel like you were injured or things just don’t seem right physically, you may want to seek proper medical attention and get the advice of an experienced personal injury attorney.

A motor vehicle accident can have terrible consequences for both the victim and the victim’s family. Don’t make matters worse by trying to navigate the complicated post-accident landscape without help.

Automobile Insurance Safe Choice Checklist

✓ Indicates a safe choice

You are faced with many choices when you purchase or renew your automobile insurance policy. Failure to purchase the correct coverage will affect both your ability to receive medical care if you are injured in an accident and your legal rights to receive monetary damages from the careless driver who caused the accident.

The State of New Jersey adopted the Automobile Insurance Cost Reduction Act in 1998. *The Act reduces the cost of automobile insurance by reducing the benefits available to persons who are injured in automobile accidents.*

I strongly recommend that you select the following coverages to properly protect yourself and your family.

Safe Choices When Purchasing or Renewing Your Automobile Insurance Policy

Yes	No	Type of Policy
✓		Standard Policy
	✗	Basic Policy
Yes	No	Policy Limits
✓		Liability Coverage (\$500,000 single limit or the highest limits that you can afford)
✓		Uninsured/Underinsured Motorist Coverage (\$500,000 single limit or the highest limits that you can afford)
Yes	No	PIP Medical Expenses Benefits
✓		Medical expenses of \$250,000
	✗	Medical expenses less than \$250,000
✓		PIP (Auto Insurance) Primary
	✗	Health Care Primary
Yes	No	Lawsuit Option
✓		No limitation on Lawsuit Option (No Threshold)
	✗	Limitation on Lawsuit Option (Verbal Threshold)

✓ Learn how to protect yourself and your family.

Read on!

Automobile Insurance Safe Choice Checklist

Compulsory Automobile Insurance

Q. *Am I required to purchase an automobile insurance policy?*

A. **Yes.** The law requires the owner of every automobile registered or principally garaged in the State of New Jersey to purchase an automobile liability insurance policy.

Q. *What happens if I do not purchase an automobile insurance policy?*

A. If you do not purchase insurance, you will be subject to civil and criminal penalties including fines up to \$5,000, community service, loss of license and imprisonment. In addition, if you are injured while operating an uninsured automobile, you will not be permitted to recover any economic or non-economic damages from the careless driver who caused the accident, even if you were not at fault.

Always purchase insurance for your car.

✓ *Always purchase insurance for your car.*

Type of Policy

Q. *What choices do I have when I purchase or renew my automobile insurance policy?*

A. You are required to choose either a Standard Policy or a Basic Policy.

Q. *What is a Standard Policy?*

A. A Standard Policy provides liability coverage to protect your assets (your property and your income) if someone makes a claim against you. This is the amount of money that your insurance company will pay to someone who is injured by you, by a resident family member or by the driver of your car. In addition, a Standard Policy provides uninsured motorist coverage if you or a resident family member are injured by a driver who is uninsured.

Q. *What are the policy limits for a Standard Policy?*

A. The minimum liability and uninsured motorist limits under a Standard Policy are \$15,000 per person/ \$30,000 per accident for bodily injury and \$5,000 for property damage. However, you may purchase higher limits of liability and uninsured motorist coverage up to a single limit of \$500,000.

Automobile Insurance Safe Choice Checklist

✓ Always buy a Standard Policy

Q. Should I purchase a Standard Policy?

A. Yes. A Standard Policy provides the best insurance coverage to protect your assets if you are sued and to provide compensation to you and your resident family members if you are injured.

Always Buy a Standard Policy.

Q. What is a Basic Policy?

A. A Basic Policy provides minimal coverage:

- A Basic Policy does not provide liability coverage if someone makes a claim against you for a bodily injury.
- A Basic Policy provides only \$15,000 of medical expense benefits if you or a resident family member is injured (up to \$250,000 for brain or spinal cord injury, or emergency services).
- A Basic Policy does not provide uninsured motorist coverage if you or a resident family member are injured by a careless driver who is uninsured.
- A Basic Policy does not require your insurance company to provide you with an attorney to defend you if you are sued, even if you are not at fault for the accident.

✗ Never buy a Basic Policy

Q. Should I purchase a Basic Policy?

A. No. A Basic Policy does not provide adequate insurance coverage to protect your assets if you are sued and does not provide adequate compensation to you and your resident family members if you are injured.

Never Buy a Basic Policy.

Medical Expenses

Q. Does the Standard Policy provide coverage for medical expenses?

A. Yes. The Standard Policy provides medical expense benefits (PIP) coverage which includes medical expenses up to \$250,000 per person per accident. You may elect to purchase less coverage in the amounts of \$15/50/75/150,000; however, if you do, you may not have enough insurance to obtain all of the medical treatment you need or to pay for all of your medical bills.

Purchase \$250,000 of PIP Medical Expense Coverage.

✓ Purchase \$250,000 of PIP Medical Expense Coverage

Automobile Insurance Safe Choice Checklist

Q. *Who pays my medical bills if I also have health insurance coverage?*

A. If you are injured in an automobile accident, your automobile insurance is primary and will pay your medical bills. You may elect to make your health insurance primary however, your health insurance plan may not provide coverage for automobile accidents and may not cover all of your family members. Also, some of your bills may not be paid because of deductibles and fee schedules.

Elect PIP Primary.

Do not elect Health Care Primary.

✓ *Elect PIP
Primary.*

✗ *Do not elect
Health Care
Primary.*

Claims for Personal Injuries

Q. *If I am injured, can I make a claim or file a lawsuit against the careless driver who caused the accident?*

A. If you purchase a Standard Policy, you are required to elect a “lawsuit option” that will determine if you have the right to make a claim. You must select either the “limitation on lawsuit” option or the “no limitation on lawsuit” option. If you purchase a Basic Policy, you are assigned the “limitation on lawsuit” option.

Q. **What is the “limitation on lawsuit” option?**

A. The “limitation on lawsuit” option (also known as the “verbal threshold”) eliminates the legal rights of yourself, your spouse and any children who reside with you to make a claim for monetary damages or to file a lawsuit against a careless driver unless you sustain one of the following types of injury:

Type 1 – Death

Type 2 – Dismemberment

Type 3 – Significant disfigurement or scarring

Type 4 – Displaced fractures

Type 5 – Loss of a fetus

Type 6 – Permanent injury (when a body part has not and will not heal to function normally)

Automobile Insurance Safe Choice Checklist

✓ Choose the “no limitation on lawsuit” option.

WARNING!

You must specifically name all resident relatives, employees and all other drivers as “named insureds” so that they receive the same amount of uninsured/underinsured motorist coverage that you have purchased for yourself. There are now drop-down clauses which may deny higher coverage to someone who is not a named insured and/or owns another vehicle.

Q. What is the “no limitation on lawsuit” option?

A. The no limitation on lawsuit option (also known as “no threshold” or “zero threshold”) permits you to make a claim or to file a lawsuit against a careless driver for any and all personal injuries.

Q. Who benefits if I purchase a policy with the “limitation on lawsuit” option?

A. The careless drivers who cause accidents will benefit because they may have no responsibility for your economic loss or your personal injuries. The insurance companies who provide coverage for careless drivers will benefit because they may not have to pay any monetary damages for your injuries.

Choose the “No Limitation on Lawsuit” option.

Types of Coverage

Q. How can I protect myself and my family if we are sued?

A. A Standard Policy provides liability insurance with minimum limits of \$15,000 per person/\$30,000 per accident if you or your family are sued. You should purchase additional coverage to protect your assets.

Q. How can I protect myself and my family if we are injured by a careless driver who is uninsured?

A. A Standard Policy automatically provides coverage for injuries caused by an uninsured or hit-and-run driver in the amount of \$15,000 per person/\$30,000 per accident. You should purchase additional coverage up to the amount of your liability coverage. Always buy the maximum you can!

Q. How can I protect myself and my family if we are injured by a careless driver who is insured but does not have adequate coverage?

A. The amount of your recovery from a careless driver may be limited by the amount of liability insurance purchased by that driver and by the owner of the vehicle. You should purchase underinsured motorist coverage up to the amount of your liability coverage, and always buy the maximum you can.

Automobile Insurance Safe Choice Checklist

Umbrella Policies

Q. *Can I purchase other insurance protection in addition to automobile insurance?*

A. Yes. You can purchase a personal catastrophe liability umbrella at a reasonable cost that will provide you with additional coverage if a claim is made against you or any resident family member for injuries sustained by another person.

Purchase a Personal Catastrophe Liability Umbrella with limits of \$1 Million.

Amount of Coverage

Q. *How much coverage do you recommend?*

A. The law requires the owner of every automobile registered or principally garaged in New Jersey to purchase an automobile insurance policy with liability limits and uninsured motorist limits of \$15,000 per person/\$30,000 per accident. However, insurance companies are required to offer coverage up to at least \$250/500,000 split limits or \$500,000 single limits. Most insurance companies offer the following choices:

Split Limits	Single Limit
\$15,000/30,000	\$35,000
\$50,000/100,000	\$100,000
\$100,000/300,000	\$300,000
\$250,000/500,000	\$500,000

Q. *How do I select the type and amount of coverage that I want to purchase?*

A. You will receive a Coverage Selection Form with your application for a new policy or with the renewal of an existing policy. You must sign the form and return it to your insurance agent or insurance company. If you are buying insurance online, you may be asked to sign the coverage selection form electronically. You should discuss your choices with your insurance agent or your attorney.

✓ Purchase a personal catastrophe liability umbrella with limits of \$1 million or better yet \$2 million. A few carriers offer this coverage with uninsured/underinsured motorist coverage.

✓ Purchase Liability Coverage and Uninsured/Underinsured Motorist Coverage with single limits of \$500,000 or the highest limits that you can afford.

Key Points to Remember

- ✓ Always purchase insurance for your car.
- ✓ Always buy a Standard (not a Basic) Policy.
- ✓ Elect PIP Primary (not Health Care Primary).
- ✓ Choose \$250,000 PIP Medical Expense Coverage.
- ✓ Choose the "no limitation on lawsuit" option.
- ✓ Purchase a personal catastrophe liability umbrella with limits of \$1 million.
- ✓ Purchase Liability Coverage AND Uninsured/Underinsured Motorist Coverage with single limits of \$500,000 or the highest limits that you can afford.

Get additional copies of this book.

Your friends and extended family members
should have a copy of this book.

Visit NJCarInsuranceGuide.com
for ordering information.

Please send me the FREE
NJ Personal Injury Newsletter

- I prefer a print copy mailed to my home.
- Save a tree, send my newsletter to my email.

Name

Street Address

City

State

Zip

Email

Send form to:

Howard P. Lesnik, Esq.
My NJ Injury Attorney Howard P. Lesnik
928 Mountain Avenue
Mountainside, NJ 07092

OR Fax to 908.264.7710

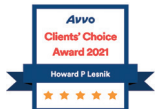
OR Email to: Howard@LesnikLaw.com

OR Call 908.264.7701 and ask us to sign you up
for my FREE newsletter.

Howard P. Lesnik, Esq.

My NJ Injury Attorney
928 Mountain Avenue
Mountainside, NJ 07092
Tel (908) 264-7701
Fax (908) 264-7710
www.LesnikLaw.com

RECOGNIZED BY



New Jersey Car Insurance Buyer's Guide: Using common sense to put YOU in the driver's seat



How to protect yourself and your family when dealing with insurance companies before and after an accident

About the author



Howard P. Lesnik
New Jersey Insurance
and Accident Attorney

I don't sell insurance and no one in my family does. My opinions voiced in this book are formed by meeting with countless potential clients and learning that they know almost nothing about car insurance—what the different coverages are, what coverages they should have, and the coverage limits they have. Yet these folks have spent hundreds—sometimes thousands of dollars for insurance. The public is ignorant of what an insurance policy really means because, in my opinion, the auto insurance carriers want it that way.

I have been representing people involved in motor vehicle accidents for over 20 years. Since my practice is limited to injury cases—motor vehicle accidents, dangerous premises (slip and fall, trip and fall) accidents, dog bite injuries, and work place injuries, I see every day how insurance (or lack thereof) can affect people's lives.

Learn more at LesnikLaw.com.

