

# The Pennsylvania Car Insurance Buying Guide

How to Protect Your Family from  
Irresponsible Drivers

2013 Edition



PERSONAL INJURY LAWYERS

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*With you...every step of the way.*

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## **Disclaimer**

This Guide Is Not Legal Advice.

The Pennsylvania State Bar Association requires that we inform you that this Guide is not legal advice. We are not your attorneys until we enter into a written agreement to be your representative.

In this Guide we will discuss general principles regarding auto insurance in Pennsylvania. We offer suggestions about what you should and should not purchase. However, every driver and every family is different and will require varying levels of insurance specific to their needs. So, please do not construe anything in this Guide as legal advice about your particular case or your particular situation. An attorney can only give you sound legal advice after understanding the pertinent facts of your case and only when he or she agrees in writing to represent you.

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# 1

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## **WHO IS BEHIND THIS GUIDE AND WHY SHOULD YOU READ IT?**

**T**he lawyers at MHK Attorneys decided to write this Guide because the general insurance buying public should not be required to solely rely upon the opinion of the person selling the auto insurance when deciding what type and how much insurance to buy. The Insurance Agent has a financial incentive to sell you a policy which maximizes the premiums collected by the insurance company, while attempting to minimize the Insurance Company's exposure to pay for claims. The Insurance industry comes out with glib and funny ads. They push the cheap policies. Some have funny characters as their spokes person, but there is not one company that has any substantive educational campaign. The new trend is for car insurance companies to try to get you to buy insurance on the Internet, with no guidance.

We have been in the auto injury business for over 20 years. When people come to talk to us about their car accidents, many of which are severe, we sometimes cannot help them if they don't have the right insurance. After the accident happens, you cannot go back and change your policy, you are stuck with the policy you have. That's why we decided to give this information to the general public so they can educate themselves.

We are not saying your agent is against you, but they do work for the insurance company. There are some good agents

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out there, however, most do not educate their clients. The devil is in the details. We don't work for the insurance company, we work for people who are injured in auto accidents. We want to help you get the best coverage for the least amount of money.

MHK Attorneys have been representing injured people against auto insurance companies since 1989. Our practice is focused on accident, injuries, work injuries and disability cases. You can find out more about our firm on our web site at [www.MHKAttorneys.com](http://www.MHKAttorneys.com). Thousands of pieces of information are gathered on our web sites, many Guides and reports are downloaded from our sites each month.

Here are some facts about us.

- ✦ AV Preeminent the highest rating for a Law Firm by Martindale Hubbell and Lawyers.com
- ✦ Recognized by Superlawyers
- ✦ The highest rating of superb on AVVO, a top lawyer and doctor web site
- ✦ National Trial Lawyers Top 40 under 40
- ✦ Fighting Insurance Companies Since 1989
- ✦ Author of Numerous Consumer Guides and Reports including:
  - ✦ 10 Biggest Secrets to Winning Your Pennsylvania Car Accident Case
  - ✦ What Every Pennsylvania Worker Needs to Know About Workers Compensation
  - ✦ 9 Deadly Sins That Destroy Social Security Disability Claims
  - ✦ What Every Woman in Pennsylvania Should Know About Divorce
  - ✦ The Men's Guide—Divorce in Pennsylvania

## The Pennsylvania Car Insurance Buying Guide

### ALL CAR INSURANCE POLICIES ARE NOT CREATED EQUAL

Here are the major parts that you absolutely must understand about your car insurance policy.

- ✦ Liability Coverage
- ✦ PIP (Personal Injury Protection)
- ✦ Collision & Comprehensive
- ✦ Limited Tort v. Full Tort
- ✦ UIM and UM Benefits

We will explain each. If you still do not understand, fax us your insurance declaration page and we will go over your policy with you.

#### ***Your Declaration Sheet “Dec Sheet”***

This is the document that is mailed to you by your auto insurance company at least once a year. It shows the coverage that you have on your policy and how much you pay for each coverage, what vehicles and drivers are insured under the policy.

#### ***A. Liability Coverage***

Liability coverage protects you and your assets if you cause injury to someone else in a car accident where you are at fault. Under this coverage, your insurance company will defend you. This means they are required to hire an attorney for you, at no cost to you, if a lawsuit is filed against you, in order to pay the injured person up to the limit of the liability coverage that you purchased.

Your Dec Sheet will look like this:

**Liability \$15,000/\$30,000**

Just What Does “\$15,000/\$30,000” mean, anyway?

Liability coverage is usually listed on your auto insurance policy declaration sheet as “bodily injury” coverage.

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If you have a “split limits” policy, it means that you have purchased liability coverage in the amount of \$15,000 “per person” injured in the accident. The \$30,000 number means that there is \$30,000 available in total for any number of people that were injured in a car accident who are filing a claim against you. So, for instance, if there are three people involved in the accident and you were at fault, the most any one person could obtain from your insurance policy would be \$15,000, and all three of the injured people could receive up to a collective maximum of \$30,000. A \$15,000/\$30,000 policy is the minimal amount of coverage that any Pennsylvania auto insurance policy can provide. Of course, you can ask for and purchase much higher aggregates of coverage. In this example, if any one person’s injuries exceeded \$15,000 in value (in other words if the jury awarded the injured person an amount of money that exceeded \$15,000), or if the entire claim of all the people involved in the accident exceeded \$30,000, you would be personally responsible for the amount that your insurance policy did not cover you for liability coverage.

The amount of your liability coverage should be an amount that will cover the assets that you or you and your family have accumulated. Thus, if you have accumulated \$500,000 in assets, you should consider obtaining at least \$500,000 in liability coverage. If your assets are in excess of this amount, you should purchase an “umbrella” policy.

### ***B. UIM and UM Benefits***

#### ***How about Uninsured Motorist coverage?***

Much like liability coverage, it will appear like this:

**Uninsured Motorist: \$100,000/\$300,000**

**Underinsured Motorist: \$100,000/\$300,000**

If you buy Uninsured Motorist insurance (UM) and an at fault driver who has no insurance hurts you, then your insurance



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company will pay you damages up to the limits of UM coverage you bought. An uninsured motorist may also be defined as a drunk driver who does not carry his own coverage, or by a hit-and-run driver who flees the scene of an accident. Since the other driver is uninsured, your auto insurance steps into the shoes of the at fault driver and you can make a claim for compensation for your injuries and damages up to the limits of the amount of coverage that you purchased in UM benefits.

### *How much coverage in uninsured motorist coverage should you purchase?*

As much as you can afford and as much as the insurance company will sell you! You can have UM coverage up to an amount equal to the amount of Liability coverage that you have on your policy. Having UM coverage is one very important way that you can protect yourself and your family in a car accident case. It can assure you that the medical bills and future expenses caused by injuries from an uninsured driver can be paid. Here is the big surprise: you can buy very large amounts of UM coverage from your insurance company for a very small amount of money. Why won't insurance companies tell you this? Because they do not make a lot of money on the insurance premiums for UM coverage, but it is a great coverage for you to have. The law in Pennsylvania requires insurance companies to offer this coverage to you. Consider, for example, the fact that by some estimates, as much as 40% of the driving public in some metropolitan areas is uninsured. That means if you or your family members are involved in a car accident, you stand a very high chance of being injured by someone who is uninsured.

### *How about Underinsured Motorist coverage?*

UIM coverage protects you and your family in the event the at fault driver has liability insurance, but not enough to cover

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all your damages. For instance, if the at fault driver had a \$15,000/\$30,000 liability policy and you and your family members all had injuries that exceeded \$30,000 in value. Under that scenario, you would be able to collect \$30,000 in coverage from the at fault driver's insurance policy (\$15,000 maximum per person) and then you would be able to make a claim against your own insurance company for UIM coverage up to the amount that you purchased in underinsurance benefits.

The same rules apply in terms of how much UIM coverage you should purchase as with UM coverage. Buy as much as you can afford and as much as the insurance company will sell you.

UM and UIM coverage is not mandatory in Pennsylvania. It is optional. That means when you are sold an insurance policy in Pennsylvania (unless you ask for this coverage, you will not be able to get it). The insurance company or the agent will simply have you sign a form stating that you "waived" the coverage. Do not waive UM or UIM coverage. Rather, make sure you request UM & UIM coverage, and get it by making sure your agent or your insurance company provides that coverage to you when completing the application.

### ***C. Stacking v. Not Stacking***

In Pennsylvania you can "stack" your UIM and UM benefits if you have more than one vehicle on the same policy. This essentially doubles the coverage for 2 vehicles or triples the coverage if you have 3 vehicles, etc.

For example, say you have two vehicles in your household on the same policy. Each vehicle has MHK's minimum recommended Uninsured and Underinsured Motorist coverage (\$100,000 per person, and \$300,000 per occurrence), and you have "stacked" the limits. You would actually have \$200,000 per person, and \$600,000 per occurrence of coverage.

The cost for stacking of Uninsured and Underinsured Motorist coverage is relatively inexpensive. Not stacking your

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limits, or reducing your Uninsured and Underinsured Motorist coverage may save you some money, but it could also cost you thousands of dollars if you're injured in a car accident.

Ask your insurance company representative about stacking your benefits to get the most coverage for your money. Remember, you can make changes to your policy at any time. All you need to do is contact your insurance agent.

### ***D. Full Tort v. Limited Tort***

#### ***Why was The Tort "Threshold" created?***

Prior to 1990, all insurance policies gave an insured driver full access to the courts of Pennsylvania to be compensated for all economic damages, such as lost past and future wages, and all non-economic damages, such as pain and suffering. In 1990, the Pennsylvania legislature created the Limited Tort versus Full Tort election for the purpose of decreasing car insurance costs. With the change in the law, the Pennsylvania legislature allowed the purchaser of car insurance to pay a lower premium by selecting Limited Tort. Limited Tort however, limits your legal right to be compensated in the event of a car accident. Specifically, the election of Limited Tort leads to a waiver of the right to seek certain types of compensation unless very specific exceptions apply.

#### ***What does it mean to have Full Tort coverage?***

A person who elects "Full Tort" car insurance preserves full legal rights to seek compensation in the event of a car accident. A person covered under a "Full Tort" policy can seek both "economic" and "non-economic" damages from another driver who causes a car accident.

"Economic" damages would include things like unpaid medical bills or lost wages. "Non-economic" damages would include damages such as compensation for pain and suffering and emotional distress.

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If “Full Tort” is elected, none of your legal rights are sacrificed. Instead, you pay higher insurance premiums to preserve those rights.

### *What does it mean to be “Limited Tort”?*

A person who elects “Limited Tort” compromises legal rights in exchange for lower insurance premiums. A person covered under “Limited Tort” is able to recover economic damages from a driver responsible for a car accident. However, non-economic damages “pain and suffering” cannot be recovered from the person who is at fault for causing the accident unless certain exceptions apply.

### *How is the Full Tort Versus Limited Tort Election made?*

When you purchase car insurance in Pennsylvania, you are given a form which describes Limited Tort and Full Tort. The election form also provides the cost difference between the two tort elections. The policyholder must date and sign the form, electing either Limited or Full Tort. Once the tort election is signed, it applies until a new one is signed.

### *When does Limited Tort not apply?*

Under certain circumstances, a person who is bound by the Limited Tort election is not prevented from recovering non-economic damages. Under the following circumstances, a Limited Tort person is converted to Full Tort:

1. If the person who caused the accident was a drunk driver who was convicted of drunk driving or accepted into the Accelerated Rehabilitative Disposition (ARD) Program.
2. If the person who caused the accident was driving a vehicle registered outside of Pennsylvania.
3. If you were operating or riding in an uninsured vehicle.

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### **SHOULD I ELECT LIMITED OR FULL TORT?**

Limited Tort is less expensive coverage, but significant legal rights are waived through the election. We **STRONGLY** suggest that you select the Full Tort option.

#### ***E. First Party Benefit Coverage***

First party means that these are coverages on your auto policy that require the insurance company to pay for certain things, regardless of who is at fault for causing the accident. Under Pennsylvania law, these first party coverages include payment of medical bills (this coverage is called the PIP Benefit which means Personal Injury Protection). Other first party benefits include coverages for reimbursement of lost wages, payment of funeral bills and payment of death benefits, towing, auto rental, regardless of who is at fault for a car accident. Some of these coverages are required, some are optional.

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

If you do not have health insurance, then having personal injury protection on your auto policy is very important. Under Pennsylvania law, your insurance policy will cover medical expenses incurred as a result of an auto accident. Pennsylvania law requires you to have First Party Medical Coverage of at least \$5,000. This means that the first \$5,000 of medical bills for each person will be paid by your auto insurance company, regardless of who is at fault for causing the accident.

If you use up all your PIP coverage and you have separated health insurance, your health insurance company is legally obligated to pay for your medical expenses after you use up your auto insurance coverage. If you don't have health insurance, you will be able to go after the auto policy of the driver who was responsible for the accident. If the other driver is not at fault, then you will have to pay your medical bills from your

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own pocket or submit these bills to your own medical insurance provider, if you have one. If you do not have health insurance, you should consider getting more than the minimum coverage of \$5,000 on your auto policy.

### ***G. Vehicle Coverage***

#### **Collision Coverage**

Collision Coverage and comprehensive coverage are not required coverages in Pennsylvania. Collision coverage allows you to be reimbursed for the current fair market value or actual cost to repair your car if it is damaged in an auto accident due to a collision with another vehicle. If you have a new car, what is owed to a bank for the loan may be greater than the fair market value of the car if it is destroyed in a collision. To protect yourself against this you should ask your insurance agent for what is called GAP coverage. This covers the difference between what your vehicle is worth and the amount of payments that remain. Some lender require this coverage so that if the vehicle is destroyed the bank will get paid the full amount of the loan.

#### **Vehicle Repair**

One of the questions we usually get from our clients is whether the insurance company can control where your vehicle gets repaired. The insurance company has their own preferred repair shop. In our opinion, that repair shop will have the insurance company's best interest in mind and not yours simply because they want to insure a steady flow of work from the insurance company. Pennsylvania law regulates vehicle repair. One of the most important parts of the code is that there is no requirement that you, the insured, use any specific repair or body shop. We suggest you go to a body or repair shop that you have used in the past and that you trust.

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### **Comprehensive Coverage**

Comprehensive Coverage on the other hand allows you to be paid if your car is stolen or is damaged other than in a collision. For instance if a tree branch falls on top of your car. Both Collision Coverage and Comprehensive Coverage have deductibles of \$1,000 or \$500. The deductible is the amount you have to pay out of your own pocket towards the loss. The higher your deductible, the cheaper your policy premium will be.

### **Rental Coverage**

Rental Coverage is another aspect of the optional coverages of your insurance policy. The amount of coverage for a rental vehicle will depend on the type of vehicle you have under the policy. Most policies will cover about \$25 per day for a rental vehicle. The thing that most people do not realize is that there is a time limit on how many days they will cover on a rental vehicle. Most coverage last about 30 days. Be mindful of the limitations on your rental vehicle while your car is in for repairs. Most repair shops should have your car repaired within 30 days.

### **Added First Party Benefits**

Some of the added First Party Benefits that you can buy from the insurance company are: wage loss benefits, funeral expenses, accidental death benefits. You are not required to have any coverage for these benefits under Pennsylvania Law.

### ***How Do I Go About Reviewing My Car Insurance Policy?***

The first thing you must do is call your car insurance company and request a copy of your declaration page. Coverage can be changed almost instantaneously without you having to wait until the end of the policy period. You should always make sure to get a new copy of your Declarations Page from your agent to confirm your updated coverage.

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### **FREE HELP FROM MHK ATTORNEYS**

Car insurance coverage choices are important and difficult. If you are involved in a car accident, the selections you made will substantially impact you and your family. If you need advice and want our firm to review your car insurance policy, we will be glad to do at no charge. Just please call or e-mail us, and we will be happy to review your policy free of any charge.

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MHK Attorneys exclusively focuses their practice on Personal Injury, Social Security Disability, Workers Compensation and Family Law



# SAMPLE DECLARATIONS

## Coverage Summary

This is your Renewal Declarations Page

### Outline of coverage

#### 2002 Mercedes-Benz M1320

VIN	Limits	Deductible	Premium
Liability To Others			\$325
	Bodily Injury Liability	\$100,000 each person/\$300,000 each accident	
	Property Damage Liability	\$100,000 each accident	
First Party Benefits			36
	Medical Expenses	\$5,000 each person	
Uninsured Motorist - Stacked			21
		\$100,000 each person/\$300,000 each accident	
Underinsured Motorist - Stacked			43
		\$100,000 each person/\$300,000 each accident	
Comprehensive			38
	Actual Cash Value	\$500	
Collision			159
	Actual Cash Value	\$500	
Rental Reimbursement			12
		up to \$30 each day/maximum 30 days	
Roadside Assistance			7
Total premium for 2002 Mercedes-Benz			\$641

#### 2003 Dodge Neon Sxt 4D

VIN	Limits	Deductible	Premium
Liability To Others			\$251
	Bodily Injury Liability	\$100,000 each person/\$300,000 each accident	
	Property Damage Liability	\$100,000 each accident	
First Party Benefits			48
	Medical Expenses	\$5,000 each person	
Uninsured Motorist - Stacked			21
		\$100,000 each person/\$300,000 each accident	
Underinsured Motorist - Stacked			43
		\$100,000 each person/\$300,000 each accident	
Comprehensive			37
	Actual Cash Value	\$500	
Collision			206
	Actual Cash Value	\$500	
Rental Reimbursement			12
		up to \$30 each day/maximum 30 days	
Roadside Assistance			7
Total premium for 2003 Dodge			\$625
<b>Total 6 month policy premium</b>			<b>\$1,266</b>

### Premium discounts



Policy	
	Multi-Car and Home Owner
Vehicle	
	Airbag and Anti-Theft Device
	Airbag and Anti-Theft Device

### Tort Option

This policy provides full tort insurance.



## **Rejection of Uninsured Motorist Protection**

By signing this waiver, I am rejecting uninsured motorist coverage under this policy for myself and all relatives residing in my household. Uninsured coverage protects me and relatives living in my household for losses and damages suffered if injury is caused by the negligence of a driver who does not have any insurance to pay for losses and damages. I knowingly and voluntarily reject this coverage.

---

Signature of First Named Insured

---

Date

## **Rejection of Underinsured Motorist Protection**

By signing this waiver, I am rejecting underinsured motorist coverage under this policy, for myself and all relatives residing in my household. Underinsured coverage protects me and relatives living in my household for losses and damages suffered if injury is caused by the negligence of a driver who does not have enough insurance to pay for all losses and damages. I knowingly and voluntarily reject this coverage.

---

Signature of First Named Insured

---

Date



## Limited Tort/Full Tort Rejection Form

- A. “Limited Tort” Option**—The laws of the Commonwealth of Pennsylvania give you the right to choose a form of insurance that limits your right and the right of members of your household to seek financial compensation for injuries caused by other drivers. Under this form of insurance, you and other household members covered under this policy may seek recovery for all medical and other out-of-pocket expenses, but not for pain and suffering or other non-monetary damages unless the injuries suffered fall within the definition of “serious injury” as set forth in the policy or unless one of several other exceptions noted in the policy applies. The annual premium for basic coverage as required by law under this “limited tort” option is \$\_\_\_\_\_. Additional coverages under this option are available at additional cost.
- B. “Full Tort” Option**—The laws of the Commonwealth of Pennsylvania also give you the right to choose a form of insurance under which you maintain an unrestricted right for you and the members of your household to seek financial compensation for injuries caused by other drivers. Under this form of insurance, you and other household members covered under this policy may seek recovery for all medical and other out-of-pocket expenses and may also seek financial compensation for pain and suffering and other non-monetary damages as a result of injuries caused by other drivers. The annual premium for basic coverage as required by law under this “full tort” option is \$\_\_\_\_\_. Additional coverages under this option are available at additional cost.
- C.** You may contact your insurance agent, broker or company to discuss the cost of other coverages.
- D.** If you wish to choose the “limited tort” option described in paragraph A, you must sign this notice where indicated below and return it. If you do not sign and return this notice, you will be considered to have chosen the “full tort” coverage as described in paragraph B and you will be charged the “full tort” premium.
- I wish to choose the “limited tort” option described in paragraph A:

\_\_\_\_\_  
Named Insured

\_\_\_\_\_  
Date

- E.** If you wish to choose the “full tort” option described in paragraph B, you may sign this notice where indicated below and return it. However, if you do not sign and return this notice, you will be considered to have chosen the “full tort” coverage as described in paragraph B and you will be charged the “full tort” premium.
- I wish to choose the “Full tort” option described in paragraph B.

\_\_\_\_\_  
Named Insured

\_\_\_\_\_  
Date





