Which Insurance Pays After a Car Accident? Uninsured Motorist, PIP and MedPay

More than one insurance policy can apply after a car crash. People usually think first of the at-fault driver's liability coverage, yet personal injury protection (PIP), MedPay and uninsured motorist (UM) coverage can matter as much. A car accident lawyer will usually ask for the declarations page of every policy that might apply, since coverage often decides how much of a loss can be paid.

Liability coverage and fault

Most states require drivers to carry a minimum amount of liability insurance, which covers injuries and property damage the insured driver causes to others. State minimum limits can be low compared with the cost of a serious injury. In an at-fault state, the injured person usually makes a claim against the at-fault driver's insurer. A smaller group of states uses a no-fault system, where each driver's own PIP coverage pays medical expenses and some lost income regardless of who caused the crash. In those states, a lawsuit against the at-fault driver may be limited unless the injury meets a legal threshold.

PIP and MedPay

No-fault states require PIP, and a few other states do as well, and some others offer it as an option. Depending on the policy, it may cover medical bills, a share of lost wages and some household expenses. Medical payments coverage, often called MedPay, is a separate and usually smaller coverage. The coverage pays medical expenses for the policyholder and passengers no matter who caused the crash, up to its policy limit. An auto accident attorney will check whether these benefits require prompt notice or a written claim.

Coverage for uninsured and underinsured drivers

Uninsured motorist (UM) coverage applies when the at-fault driver has no insurance, and in many states it also covers hit-and-run crashes. Underinsured motorist (UIM) coverage applies when the at-fault driver's limits fall short of the loss. Some states require UM coverage, while others allow it to be rejected in writing. Rules on stacking caraccidentlawyers.wiki coverage from more than one vehicle or policy also vary. In some states, a policy held by a relative in the same household may provide UM coverage as well.

How a UM claim works

A UM claim is made to the injured person's own insurer, but in that claim the insurer takes the position of the uninsured driver, so it may dispute fault and the amount of damages. Policies often require prompt notice of the claim, and a hit-and-run claim may require a timely police report. Some states require that the UM insurer be served with a copy of the lawsuit against the at-fault driver. A car accident attorney will check these requirements early, because missing one can affect the coverage.

Coverage for the car itself

Collision coverage pays to repair or replace the policyholder's car regardless of fault, minus the deductible. The insurer may then seek repayment from the at-fault driver's insurer through subrogation, which can sometimes recover the deductible as well. Gap insurance and rental reimbursement are optional coverages that can matter after a total loss.

Health insurance and liens

Medicare, Medicaid or a health plan may pay medical bills first and later seek repayment from a settlement. An automobile accident lawyer usually resolves these liens before funds are distributed. Coverage rules vary by state and by policy, and this is general information rather than legal advice.