

WHAT YOU NEED TO KNOW ABOUT AUTO INSURANCE IN PENNSYLVANIA

How to Avoid Insurance Traps in Choosing
the Right Coverage for You and Your Family



Eric Chaffin & Patrick Booth
CHAFFIN LUHANA LLP

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615 Iron City Dr.
Pittsburgh, PA 15205
(888) 480-1123
ChaffinLuhana.com

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CHAPTER ONE

The Most Important Thing to Remember When Shopping for Auto Insurance

If there is nothing else that you remember from this chapter, it should be that insurance companies are not necessarily selling you a product that is best for you. They are selling you a product that is best for them. Let that sink in for a moment.

You might assume that you know what coverage you need, and “insurance shopping” means finding the best price or value for that coverage. Unfortunately, most people really do not know the coverage they need. Far too often, people only consider cost when choosing a policy. In fact, they only evaluate the total premium price rather than the nature of the coverage and the price of various options.

WHY YOUR INSURANCE CHOICES ARE SO IMPORTANT

Insurance is the most important factor as to how much you will be compensated if you are in a car crash. This may not seem obvious at first. But, regardless of how bad a crash is or how bad you or your family members are injured—if there isn't the proper type and sufficient insurance coverage for your injuries, there typically will not be any money to make things right.

**INSURANCE
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FOR THEM.**

In this day and age, nobody really has any money. Even the people that we think are well off—the people with the big houses and driving the fancy cars—don't have cash to pay you for damages. Their fancy house is leveraged with a mortgage. Their fancy cars are paid for with loans. Unless someone like Bill Gates or Warren Buffett hits you, very few people have the money just sitting in a bank account, waiting to pay, if they cause a car crash. This “car crash potluck” leaves you and your family in a vulnerable position, but there is a solution.

Absent a rare deep pocket, whether you can sufficiently recover largely falls back to the insurance *you* have secured for your family before the crash. (And having the right lawyer, of course, to force the insurance companies

to pay you what you are owed!)) In our experience, in 99.9% of car crash cases, insurance coverage is the sole source of money for the compensation of victims. That's why it's critically important for you—in advance of a crash—to understand your auto insurance coverage. You need to know what coverage options are available and what policy options best fit the needs of your family. If you are like most Pennsylvanians, it means you need to *change* the way you shop for auto insurance.

SO, WHY DO YOU HAVE TO CHANGE THE WAY YOU "SHOP" FOR AUTO INSURANCE COVERAGE?

There are a lot of insurance agents and brokers out there who unfortunately are not focused on your interests, but instead are just trying to obtain the highest premiums from you with the least amount of risk to the insurance company. They will typically offer you the coverage that provides the highest commissions to them, rather than the best protection for you and your family.

Of course, this doesn't apply to every insurance agent. But you'll need to find an insurance professional that you trust and know is looking out for you and not just their commission. You'll need to investigate and ask detailed questions, including whether the proposed policies are tailored to your family's specific needs.

Most people are not aware of the variety of coverages available. Depending on your personal needs, each type

of coverage may provide a layer of desired protection that can cushion the financial hardships of a crash. For example, wage loss coverage, death benefit coverage, and catastrophic injury medical coverage are all available for purchase. There are also other unique coverages. For example, what if you're in an accident, and you have expensive personal property in your car? Is it protected? These are some examples of circumstances—*your* personal circumstances—that must be considered when selecting your insurance coverage.

Most people also do not realize that their coverage decisions affect people other than themselves. Your coverage decisions can legally bind others in your home. More on this in Chapter 3.

SO, HOW DO YOU KNOW THAT YOU HAVE A GOOD AGENT WHO HAS YOUR BEST INTERESTS AT HEART?

If you buy a policy online or go through an agent that is not looking out for your best interests, then no one will explain to you the ramifications of your choices. This means they should explain why you should have or not have certain types of coverage and how that will impact you and your family.

ON ONE END OF THE SPECTRUM— THE UNMOTIVATED INSURANCE AGENT:

Many times, clients come to us looking for remedy or recovery after a crash, and we must explain that their options are limited because of the choices they made when they purchased their insurance coverage. Usually, the response is, “My agent never explained that to me.” Some of these clients thought they had the maximum coverage possible, but their agent, unfortunately, did not take the time to explain their options and how they could protect themselves in the event of a crash caused by someone else’s negligence.

ON THE OTHER END OF THE SPECTRUM— THE NON-CANCELED POLICY OR TRANSITION TO A NEW VEHICLE:

We have seen cases where the insured had stopped driving, lost their car, sold their car, etc., and the insurance agent kept the automatic payment withdrawal going. In some cases, they kept collecting payments for decades. People were literally paying for insurance on a car that they either didn’t have or couldn’t legally drive. They did this year after year because no one said, “We can stop this.” They were making a commission check.

Another common situation is when someone buys a new car. If you buy a new car, that vehicle is often covered for 30 days on the policy from your old car. This allows you

time to switch over, take care of registration, etc. Often, no one explains to the insured how that window of coverage affects them. You might think you are driving around insured, *but* you're really not. Not only do you *not* have the insurance coverage, but it also turns out that if you get pulled over, you can get cited for not having insurance.

We have seen more clients than we can count who were seriously injured in auto accidents but could not pursue claims for damages because they made the wrong insurance decisions. Even worse than that is when we have had underage clients, who were injured in an accident but could not pursue damages. We've had to tell a mother that because of what she chose when she purchased her insurance coverage that her child could not pursue damages for the injuries they suffered. This is a difficult conversation that leaves parents feeling terrible. Every parent wants nothing more than to protect their child—it is their first priority. But none of these parents knew that when they were signing their policy, they were also signing away their children's rights.

We have had numerous cases in which people died or were catastrophically injured, and the insurance coverage was woefully inadequate. The person who caused the crash had minimum coverage totaling \$15,000 or \$25,000. But the medical bills alone cost hundreds of thousands of dollars. No one had ever explained to them the coverage that they could have bought to guard against this situation. It is gut-wrenching every time we see this.

The reason we wrote this book is for a reference source to help readers to be knowledgeable enough about some of these things so that when it's time to make a decision on insurance purchases, you can make an informed decision. We want you to know the risk and reward for your insurance choices so that you can have some peace of mind knowing you are doing what is best for you and your family.

So, let's look next at the insurance protection that is available to you in Pennsylvania.

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CHAPTER TWO

The Types of Auto Insurance in PA You Need to Know About

TYPES OF AUTO INSURANCE COVERAGE

Generally, when you review available insurance coverage, you will encounter the following types of coverage:

- **Bodily Injury Liability**—If you are in a crash and are at fault, this coverage pays for the injuries you cause to others.
- **Personal Injury Protection (PIP) (Medical Coverage)**—Regardless of who is at fault for an accident, PIP provides coverage for you and your passengers' medical expenses.

- **Property Damage Liability**—If you are in a crash and are at fault, this coverage pays for the property and auto damage you cause to others.
- **Collision**—This is coverage to repair or replace your car if you are in an accident. This can be with another vehicle or an object such as a deer, a tree, a fence, etc.
- **Comprehensive**—This provides coverage for loss or damage caused by non collision events such as theft, hail damage, vandalism, etc.
- **Uninsured and Underinsured**—Uninsured motorist insurance covers your damages and injuries if you are in a crash, and the other driver is at fault but is uninsured. If the other driver is at fault and has insurance but it is not enough to cover your damages, then your underinsured motorist protection covers your additional damages.
- **Additional Coverage Riders**—Often, little thought is paid to selecting additional coverages. However, these can be essential to meeting your specific needs. This could include coverage to pay for a rental while your car is being repaired, so you can still get the kids to school, and you can get to work. You can also add coverage to cover lost in-

come, accidental death, funeral expenses and even extraordinary medical benefits.

GENERAL TYPES OF AUTO INSURANCE

First, let's clarify that insurance policies insure the people covered under the policy. In general, different types of auto insurance coverage are categorized as

- **First-Party Benefits**—First-party benefit payments are direct payments to the insured person. Benefits come from a policy that you are covered under.
- **Third-Party Benefits**—Third-party benefits can be thought of as indirect payments. This is because the third-party benefits don't get paid to the insured third party; rather, they pay for the liability that the insured third party would owe if they didn't have insurance, and it comes from a policy that a third party is covered under. You only get it if a third party was at fault.
- **Uninsured Motorist (UM)**—Uninsured motorist coverage (UM) is insurance that you pay for through your own insurance policy. UM coverage applies when a third party causes an accident, and

that third party has no insurance. The limits of UM coverage are stated in your insurance agreement.

- **Underinsured Motorist (UIM)**—Underinsured motorist (UIM) coverage is insurance that you pay for through your own insurance policy. UIM coverage applies when a third party causes an accident, and the limits on their insurance policy do not cover all the damages. The limits of UIM coverage are stated in your insurance agreement.

EXAMPLES OF FIRST-PARTY BENEFITS INCLUDE:

- Personal Injury Protection (PIP)
- Comprehensive
- Collision
- Rental Reimbursement
- Lost Income
- Accidental Death
- Funeral Expenses
- Extraordinary Medical Benefits

COMPREHENSIVE AND COLLISION COVERAGE

Collision coverage covers damages to your vehicle because of an accident. Comprehensive coverage covers damages to your vehicle that resulted from causes other than an accident, e.g., theft, fire, flood, etc. Both collision and com-

prehensive have a minimum deductible that must be paid by the insured prior to the insurance company paying.

OTHER FIRST-PARTY BENEFITS INCLUDE:

- Rental Reimbursement—pays for the use of a rental car after the accident.
- Lost Income—pays for a portion of lost wages.
- Accidental Death—pays a pre-set amount (usually \$25,000 or \$50,000 for the death of the insured.)
- Funeral Expenses.
- Extraordinary Medical Benefit—pays for medical benefits up to a million dollars.

THIRD-PARTY BENEFITS—CASE EXAMPLES:

- Property Damage (PD)—damage for vehicle only.
- Bodily Injury (BI)—Generally, all damages to a person.
- Example—\$100,000/\$300,000/\$5,000
 - Liability Coverage for:
 - Maximum of \$100,000 per person.
 - Maximum of \$300,000 per accident.
 - Maximum of \$5,000 for property damage.
- If Individual A is T-boned by Driver Z, and Driver Z has \$100,000/\$300,000/\$5000 coverage, Individual A can collect up to \$100,000 for injuries

to himself and \$5,000 for damage to his car from Driver Z's insurance company.

- If A had \$50,000 in PI (personal injury) damages, he could collect \$50,000.
- If A had \$150,000 in PI damages, he could only collect \$100,000.
- If Driver A, Passenger B, and Passenger C were all in the car and each sustained \$50,000 in PI damages they could each collect \$50,000 from Driver Z's insurance company.
- If A, B and C each had \$150,000 in PI damages, they could each collect \$100,000 from Driver Z's insurance company.
- If there was a fourth person in the car and all had \$100,000 in damages each would only get \$75,000, since there is a maximum of \$300,000 per accident.

UNDERINSURED MOTORIST (UIM)–CASE EXAMPLE

- Driver is rear-ended by third party. Driver has injuries (medical and pain and suffering) in the amount of \$100,000.
- Third party has liability coverage of \$15,000 / \$30,000 / \$15,000.
- Driver has UIM coverage of \$100,000 / \$300,000 / \$10,000.

- Driver would collect \$15,000 from the third-party's insurance company and \$85,000 from his own UIM coverage.

DECLARATION PAGE

It is important for you to be familiar with the declaration page of your policy. The terms and coverage limits of an insurance policy will be listed on a policy's declaration page (Dec Page). This will not list other terms and exclusions but will list amounts of coverage, terms of the policy, and premium amounts.

As you may now realize from the coverage descriptions and case examples, the type of coverage you have is essential to protecting what matters most to you and your family. Coverage limits and additional riders are decisions that must be made carefully to assure that in the event of an accident you and your family will have the resources to recover medically and financially.

Next, let's look at the minimum coverage requirements for Pennsylvania and how that may not be sufficient to protect your family.

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CHAPTER THREE

What PA Requires of Insurance Providers and Drivers—and Why

Every state has laws that regulate auto insurance coverage. So, if you have a registered car, you're required to have it insured through an insurance company. The insurance companies must register with the state, and they have to agree to follow the state restrictions in terms of what sort of minimum coverage must be offered.

When you see commercials about the state minimum or the state required insurance, what that means is, you are looking to buy the absolute minimum that is required by law. If you want to do the least that you have to do, then you go to those insurance companies and buy those policies. These insurance companies offer the bare mini-

imum that is required to make sure you're complying with the law.

Well, just like anything else, doing the bare minimum usually isn't a good idea. But there are realities involved. People have budgets and expenses. Many people try to get by on a week-to-week or month-to-month basis and attempt to save money wherever they can. Unfortunately, many people don't think about what the purpose of insurance is and how it can affect them on the back end.

Some people think, "All I'm required to do is get this insurance. So, let me just get it and make sure I'm doing the right thing," not realizing what that can mean to them or others. If a crash occurs, it can really put them in jeopardy down the road, even though they don't realize it. Certainly, it applies if you are in an accident and are at fault. But where it really matters is the other side of things, which is what you cannot control—what someone else does.

The only thing we can do when we're looking at maintaining our own safety and the safety of our family is to make sure that we're taking the actions that best protect us. There are options that you can take when you sign up for your own insurance to make sure that if somebody hits you and they don't have real, meaningful insurance, you are still covered.

As explained in the previous chapter, uninsured motorist and underinsured motorist coverages, basically say that if somebody hits you, and he or she doesn't have coverage

or doesn't have enough coverage to fully compensate you, then your own insurance will kick in and make up that difference. What a lot of people don't realize when they are making an insurance purchase decision are the ramifications of their decisions.

In terms of what happens if, God forbid, a bad crash occurs, how will you make sure that your family is still safe? So, considering that, let's look at PA's requirements.

...DOING
THE BARE
MINIMUM
ISN'T A
GOOD IDEA.

PA REQUIREMENTS

- Drivers are required to have at least \$15,000 / \$30,000 / \$5,000 in liability coverage.
- All drivers have first-party medical benefits of at least \$5,000 under PIP.
- UM and UIM must be offered by the insurance company and specifically rejected by the insured.

PENNSYLVANIA FULL TORT VS. LIMITED TORT

- Every insurance policy must offer the choice of selecting full tort coverage or limited tort coverage.
- The choice of full tort/limited tort affects what injuries you can sue for.
- Someone with full tort can sue for all injuries.

- Generally, someone with limited tort can still sue for medical bills or economic loss (like lost wages) but *cannot* sue for pain and suffering.

MORE ABOUT TORTS—LIMITED TORT/FULL TORT STATUS EXAMPLE IN PA

If someone chooses limited tort, outside of exceptions, they cannot sue or pursue damages for pain and suffering. Some people understand this, and some don't. But what almost no one understands is that if they have a child in their household—the child is also bound by their decision. This also applies to a spouse or other relative in the household. What if they were a passenger in someone else's car? Their household is bound by that tort decision. This is especially important to understand.

LIMITED AND FULL TORT EXAMPLES

- Driver is T-boned by third party. Driver suffers \$7,000 in medical damages. Driver also suffers nerve pain that alters her daily life. Driver and third party have minimum coverage (third party has liability coverage of \$15k/30k/5k; driver has \$5,000 in PIP).
- Driver collects \$5,000 from her own insurance and \$2,000 from third-party's insurance. Driver gets *nothing* for the nerve pain.

- In the same scenario, if driver had selected full tort: Driver collects \$5,000 from her own insurance, and \$2,000 from third-party's insurance for the remainder of the medical bills. Driver could then collect up to \$13,000 for pain and suffering from third-party's insurance due to the nerve pain.

EXCEPTIONS TO LIMITED TORT SELECTION

Even if a driver has selected limited tort, he can sue for pain and suffering in the following situations:

- The other vehicle was registered in another state.
- The other driver commits an intentional act.
- The other driver is uninsured.
- The other driver is criminally under the influence of drugs or alcohol.
- The injured person is riding in a nonstandard vehicle, such as a motorcycle, bus, all-terrain vehicle or commercial vehicle.
- The "at fault" party is in the business of maintaining vehicles, and a vehicle defect caused the accident.
- The injured driver had a *serious injury*.

LIMITED TORT EXCEPTION—SERIOUS INJURY

- A serious injury is defined as:
“Personal injury resulting in death, serious impairment of body function, or permanent serious disfigurement.”

THIRD-PARTY LIABILITY—PLACES TO LOOK FOR POTENTIAL COVERAGE

- Start with the policy that is on the car.
- Look at separate policies of the driver.
- Policy of family members in the same house
- Homeowner’s policy
- Umbrella policy
- Excess policy
- Business policy

LIABILITY OF EMPLOYERS

- Generally, an employer is liable for the actions of its employee while the employee is acting within the scope of his employment.
- Sometimes referred to as master-servant rule, respondeat superior or vicarious liability.
- This doctrine means that the negligent actions of an employee also become the responsibility of the employer.

EMPLOYER LIABILITY EXAMPLE

- Employee is employed as a deliveryman for Company Y. Employee's job is to deliver materials to various clients of Company Y. Employee drives his personal vehicle. While delivering materials he rear-ends Driver Z.
- Because the employee was acting within the scope of his employment with Company Y, Company Y is also responsible.
- Therefore, both employee and company can be sued for Driver Z's damages and injuries.

STATUTE OF LIMITATIONS (SOL)

- Every type of cause of action has a specific statute of limitations.
- A SOL is the amount of time after an injury has occurred that a lawsuit must be filed.
- If a case is not filed by the SOL date it is barred.
- In PA, the SOL to sue another driver for an auto accident is two years.

PENNSYLVANIA UM AND UIM-STATUTE OF LIMITATIONS

The statute of limitations for UM and UIM can vary and requires a very fact-specific analysis. Depending on the

interpretation of recent court decisions, the statute can range from two years after a crash to nonexistent. Because of this current landscape, people claiming UM or UIM proceeds need to act with an abundance of caution, so their claim is not lost.

PENNSYLVANIA PIP BENEFITS--STATUTE OF LIMITATIONS (SOL)

- Generally, the SOL for first-party benefits is four years from the date of the accident.
- However, if benefits have been paid and a dispute arises regarding future payments, the SOL is four years from the last made payment.

STACKING--UM/UIM POLICIES

- Stacking occurs when multiple policies, or parts of policies, are combined to cover the same injury.
- There are two general types of stacking:

A) Intra-Policy Stacking

Intra-policy stacking occurs when one policy insures multiple vehicles, and the coverage on each are combined.

B) Inter-Policy Stacking

Inter-policy stacking occurs when there are two, or more, separate policies, and the coverage on each is combined.

INTRA-POLICY EXAMPLE

- Fred owns an Accord and a Taurus. He has \$50,000 UM coverage on both vehicles under one policy. Fred gets hit by an uninsured driver and has \$100,000 in damages.
- If the policy coverage is stacked, Fred gets \$50,000 for each insured car for a total of \$100,000.
- If the policy is not stacked, Fred only gets \$50,000 from the car he was in.

INTER-POLICY EXAMPLE

- Fred owns a motorcycle and a Bronco and has separate policies through different companies on each. He has \$25,000 UM coverage on the motorcycle and \$100,000 UM coverage on the Bronco.
- While Fred is riding his motorcycle, he gets hit by an uninsured driver and has \$100,000 in damages.
- If the policies are stacked, Fred gets \$25,000 from the motorcycle insurance and \$75,000 from the Bronco insurance for a total of \$100,000.
- If the policy is not stacked, Fred only gets \$25,000 from the motorcycle insurance.

STACKING IN PA

- Insurance companies in Pennsylvania must offer their insureds the stacking option.
- In PA, it is the insured's right to turn it down. Therefore, it is *essential* that the policy language is reviewed.

MINORS-PERSONAL INJURY-STATUTE OF LIMITATIONS

- PA SOL does not start until age 18; therefore, SOL runs until age 20.

While some of this may be a bit overwhelming or confusing, the most important thing for you to realize is that when you make insurance decisions, they must be made carefully. The consequences of your choices are significant. So, you should carefully review your needs and risk exposures with a trusted agent to assure that you and your family are really protected. That's the whole point for having insurance in the first place.



CHAPTER FOUR

The Four Biggest Insurance Traps to Avoid

1. PRICE SHOPPING

One of the biggest mistakes that people make when they buy insurance is shopping based solely on price. Of course, as consumers, price is an important consideration. However, it is not always the most important factor. For example, you wouldn't say, "Well, I know this doctor is really bad, but he's cheap." And you wouldn't go to the grocery store and say, "I know this meat is rotten and will get me sick. But it's on sale." Similarly, buying the cheapest possible insurance for your family is usually not a good idea.

The temptation to shop for the cheapest insurance is largely because insurance involves so much uncertainty. People tend to think they don't need to have extensive or expensive coverage because they believe they are a safe

driver, so they aren't likely to need it. They might assume that since they won't need it, the money saved on minimal insurance means they have more money for other things.

Often, when you have a serious auto crash, the most troubling and difficult thing to deal with is uncertainty. Nobody gets up in the morning and says, "You know, I'm going to get into a crash at about 10:30 a.m. today. So, let me make sure my bills are paid this month. Let me make sure to call my boss and let them know that I need paperwork or other documents in advance. Let me make sure to turn off my stove and make sure my cellphone is forward-ed." None of that happens. And when you are in a crash, it freezes a moment in time. You have no idea what's going to happen going forward.

You are immediately hit with things like, how am I going to pay my mortgage? What is going to happen with my job? What medical treatment am I going to need? How am I going to get to medical treatment without a car because it was just totaled? How am I going to get my kids to school, to after-school activities, or to grandma and grandpa's without being able to move myself or without a vehicle to do it, and a million other things just like that. Unfortunately, you don't know the answers to these questions.

One of the reasons that your insurance decisions are so important is because they can provide solutions to some of those problems. For example, if you are out of work, and you made the decision to buy wage loss coverage on your auto insurance that transition is a lot easier. If you are hit

and you have the proper collision coverage on your vehicle, then you know you can get it repaired and working again.

But what if you bought the cheapest coverage available, and you try to get your vehicle fixed, and the response is, “Happy to, but you have a \$1,500 deductible?” Well, it’s tough to pay a \$1,500 deductible when you’ve just lost your job, and you’ve just been hit with medical bills. The whole point of insurance is to protect you and your family from an unexpected loss that could be financially devastating. That’s why these decisions are so important.

Sadly, most insurance buyers make decisions based solely on the bottom-line cost of the policy. And just like anything else in life, you get what you pay for. People should, at a minimum, be fully aware of the deal they are making and what risks they are accepting and are unprotected from.

2. FULL TORT VS. LIMITED TORT

What many people do not consider is that many different types of insurance can be purchased and added together to fully protect them and, in some cases, at a fairly minimal cost. One of the best examples of this is in Pennsylvania, where every person who buys an insurance policy is required to make a choice of whether they want a full or a limited tort policy.

As explained in the last chapter, full tort gives an individual the option to sue for all damages they incur while

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limited tort coverage limits your ability to sue for pain and suffering, among other potential limitations. Many drivers might choose limited tort because it costs less and lowers their premium.

But if you or others in your household are then injured in an accident that is not your fault, the limited tort limitations could be a devastating blow when you try to recover for your injuries. That's the main reason for having insurance—to protect you and your family when the unthinkable happens. Yet many people choose limited tort to save money, despite the fact that such savings are minimal compared to the significant financial risk exposure that is taken on.

If a person or their family member is seriously injured and unable to recover for pain and suffering, they could regret the decision to select a limited tort policy in order to save around 15% (about \$8 to \$10 per month) on their policy, considering that their ability to recover the compensation they deserve after a crash will be significantly limited.

Another heartbreaking wake-up call comes when the insured—who chose limited tort to save some money—discovers that their limited tort selection doesn't just

bind them; it also binds their spouse, their kids and other relatives living in their household depending on the type of coverage. So, if you decide in Pennsylvania that you want to take the lower premium for limited tort, and your daughter is a passenger in someone else's car and gets into a bad car crash, she is also stuck with and bound by your limited tort decision.

In addition, if someone else in your household is in a crash, whether it's in your car or someone else's, and they're hit by an uninsured driver, they could be covered under your policy. However, if you chose limited tort to save on the premium, they will also be unable to recover for pain and suffering.

Unfortunately, when people choose limited tort, many people don't realize or actually know what they're doing. They don't realize that they are putting their family at risk because no one has explained the limited tort limitations to them. Simply put, make sure you fully understand the implication of any insurance policy you may be purchasing to make sure you get the protection you need.

3. UNINSURED AND UNDERINSURED COVERAGE

If you are in a crash and the other driver is at fault but is uninsured, the whole point of this type of coverage is to cover *your* damages and injuries. If the other driver is at fault and has insurance, but it is not enough to cover your damages, then your underinsured motorist protection

covers your additional damages. This coverage protects you and your family from others who may be at fault, but it does not have adequate coverage to compensate you for your damages and injuries.

If the person who hits you doesn't have insurance or have enough insurance, then likely the only way to recover damages is if you purchased uninsured and underinsured coverage. Unfortunately, insurance companies do not always explain this fact. It could be a huge trap to think that this is an area where you can eliminate or reduce coverage to save some money.

4. STACKING

If you have multiple cars, you can pay a premium to basically add the coverage together on those vehicles if you are in a crash. That's known as "stacking." If you have \$50,000 in uninsured motorists on two cars, and they're stacked, then if you get hit in one of the cars you have \$100,000 in coverage.

Stacking may be a beneficial situation unless you only have one car. We have seen multiple insurance companies sell and charge premiums for stacking when the insured only has one car. But it's literally impossible to stack when you only have one car! So, the insurance company is charging the customer a premium for coverage that doesn't apply to them.

We have also seen other situations where people just don't understand what they are buying when it comes to stacking. For example, one previous client was elderly and independent. She had some medical issues that had gotten worse over the years, so she contacted her insurance company to let them know she sold her car and lost her driver's license. And yet they continued to charge her a monthly premium for her auto insurance policy for 20 years! They never contacted her to say, "You know, we're going to cancel this policy." She didn't even realize the premium payment was coming out of her bank account every month.

All of these insurance decisions have real-world applicability when a crash occurs. This is why it is especially important to work with an independent agent that you trust, who takes the time to explain what each coverage section means, and who honestly helps you determine if coverage is needed and applies to your situation. Make sure to shop around for the best insurance agent and policy for your specific needs.

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CHAPTER 5

A small, light-colored toy car is positioned on the left side of the page, and a large, light-colored question mark is on the right side. Both are on a white surface.

The Secrets the Auto Insurance Industry Does Not Want You to Know

YOUR AGENT REPRESENTS THE INSURANCE COMPANY

The biggest thing that insurance companies aren't telling you is whose interest they're really representing. In many cases, insurance companies are not offering (or recommending) certain coverage because (even though they may get more premiums for it), they would face more financial exposure on the back end. They are also not pushing certain coverage because the profits that they get on that coverage are not the same as other types of coverage.

You need to understand, for better or worse, that insurance companies are, generally, multibillion-dollar companies that make their money by bringing in premiums, paying less money out in claims, and then taking

that difference and investing it. In fact, insurance companies generally make more money on their investments than they do on their premiums.

If that's their business model, what does it tell you? It means that they're trying to get as much as possible in premiums while paying out the least as possible in claims—all so they can make a larger profit and invest that money. Even worse, many times, insurance companies will also sell people coverage that they absolutely do not need and cannot use.

For example, an insurance agent might offer coverage in a way that people will only look at the bottom-line cost. People may not realize that down the road, if they get into a crash, they're going to say, "Oh, my gosh! I'm so injured. I can't do the things I need to do in my daily life." Bottom line—after a crash, you don't want to discover that you don't have the protection you thought you had.

FULL TORT VS. LIMITED TORT

As explained in the last two chapters, if you choose limited tort coverage, and are seriously injured, an insurance

LIMITED TORT
POLICIES **ONLY**
BENEFIT THE
INSURANCE
COMPANY.

company is going to come back to you and say, "You get nothing because of this selection that you made." Limited tort policies *only* benefit the insurance company. Oftentimes, agents do not explain

the difference between full and limited tort. They might not even talk about the difference, which is a serious detriment to their clients.

UNINSURED AND UNDERINSURED COVERAGE

The same mindset for saving with limited tort also plays out when selecting coverage under uninsured and underinsured motorist protection and with selecting medical expense coverage. Most insurance buyers don't really understand what all these coverage distinctions mean until it's too late. Unfortunately, your agent is unlikely to fully explain the consequences of choosing less expensive versus more expensive coverage.

Insurance companies are required to offer these coverage options in Pennsylvania. The reason it's required is because it is so important. Yet, most agents will not fully explain, emphasize or encourage these coverage options.

PRICING VARIES BY INSURANCE COMPANY

What many people do not realize is that different insurance companies will have different prices for the same type of coverage. A quote from one company can be much different from a quote from another company for the same coverage. Different companies will also have different definitions for coverage. Some companies will classify a

certain type of car differently than other companies. That alone could make a huge difference in policy pricing.

Shopping around for the best policy means fully understanding what each company is offering and what their coverage really means and then looking at the price variations. Once you know the coverage you need, then you are more prepared to find the best value that provides the needed coverage.

EXCLUSIVE (IN-HOUSE) AGENTS VS. INDEPENDENT AGENTS

If you are working with an exclusive agent, they can *only* offer you the policies and pricing for the one company that they work for. They will be encouraged to offer the types of coverage that yield the highest profit for the company. But that may not be what you actually need.

On the other hand, an independent agent does not represent any insurance company. They work for the insured. When analyzing insurance options, they can canvas the entire market and not just what one specific company sells. They are more likely to take the time to review your needs and then explain the best types of coverage that will protect you and your family. An independent agent can then find the best value among the many policies they can offer to provide the coverage you need at the best price.

INSURANCE COMPANIES REPRESENT THEIR OWN INTERESTS

Despite what they say, insurance companies are representing their own interests, not yours. This is not to imply that everyone who works for insurance companies is wrong or deceptive. But you must realize that, generally speaking, there are only four parties that are solely interested in *your* benefit. These include *you*, your doctors, your family and the attorneys representing you.

Many people think, “Well, I’m in good hands. They’re a neighbor. They’re here for me.” When you’ve been in a crash, your insurance company will contact you, but it’s often not to help you. Instead, your insurance company wants to lock in information in a very contrived manner to limit what you can do in the future to limit your potential financial recovery. When they call you after a crash, it is generally *not* to help you. It is to gather information and build a case that they can use to limit *their* financial exposure.

The first thing we say to any client we meet with is, “From this moment on, do not talk to any insurance company. Let us handle it. We will make sure they have all the information they need to process any claims that are needed.”

In one previous auto crash case we handled, the adjuster

THE INSURANCE
COMPANY
WANTS TO LIMIT
YOUR FINANCIAL
RECOVERY.

from the client's insurance company kept calling and checking in on him. He thought she was very nice and very sweet. She said she was checking to see how he was doing and making sure everything was going okay. She told him, "As soon as you're ready, we're going to settle this for you. We're going to make a good number, and we'll get this all done."

Time goes on, and finally, they had the discussion, and the insurance company offered him somewhere in the vicinity of \$1,500, which was grossly disproportionate for what the claim should have been worth. He called our office, and we talked to him. We reached out to the insurance company, and the insurance adjuster told us that months and months ago, the gentleman had told her that he was doing just fine and wasn't having any issues, and, therefore, they weren't offering any real money on the case. We followed up with the client, and he told me about the calls. It took a little while to figure out exactly what was going on, but we did.

In all of these many calls, when she was calling him under the guise of being "friendly," she was noting everything. She called him on one of these days and said, "How are you doing?" As part of a standard response, he responded, "I'm fine, how are you?" Even though this was clearly just normal pleasantries, she noted in the file he was doing "fine" and was "fully recovered" from his injuries.

That is the sort of thing that people must be wary of because they may not realize it could happen that way. An

injured person could be jeopardizing his or her rightful recovery because they're assuming that the insurance company is on their side when, in truth, the insurance company is really only on the insurance company's side.

CONVENIENCE CAN BE COSTLY

The best way to protect yourself is to look at and re-search what sort of insurance coverage you really need. We recommend that people don't go online to search for coverage. We suggest that they talk to an independent insurance broker—somebody who doesn't work for just one company. Try to avoid somebody who is just in-house and trying to sell one company's products. Instead, find someone who can give advice on what sort of coverage you need, but also price it out across the market to figure out what is a good option and what isn't.

Ironically, what people don't know is that oftentimes when they make these insurance decisions, they actually could have gotten better coverage for a cheaper price if they knew what they were looking for, instead of paying for convenience online.

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CHAPTER 6

How to Choose the Right Coverage to Protect You & Your Family

The first step in choosing the right insurance coverage for you and your family is being knowledgeable about your needs, your risk exposures and your insurance options. That's the main reason we wrote this book. We wanted to create a trustworthy reference, a resource, so that when you make important insurance decisions, you have the information you need to make wise choices.

This means fully understanding the risks and rewards for all the choices you make. We want you to have the peace of mind that you are making the best insurance decisions for you and your family. And if you are involved in an auto accident, we want you to have the right coverage that can protect your family from financial devastation.

The next thing to understand is that not every family needs the same coverage. An independent agent will, hopefully, help you evaluate your circumstances to make sure you are aware of all the available coverages to address your specific needs. For some, coverage to provide a replacement vehicle (rental) while their car is in repair is a must. For others, there may be the need for loss of income protection, if the insured is unable to work while recovering from injuries.

Additionally, you must carefully consider the amount of coverage that you need, especially with uninsured and underinsured insurance. If you do not have adequate health insurance, then you will likely need more protection for medical expenses. The key is to realize that your family's needs are unique, and your policy should reflect the risks that would be most financially devastating to you. But remember, regardless of what you consider or reject for coverage—always select full tort. There is no good reason to surrender this critical protection.

Once you have carefully evaluated your insurance protection needs and have made your decisions, be sure to review those decisions with your agent. Everything you need to know should be on your coverage declara-

ALWAYS

SELECT FULL TORT.

tion page. Review this carefully to be certain that all the coverage you want is included. If there is anything that you do not understand, your agent should welcome the opportunity to

explain the coverage to you and why such coverage is necessary.

At the end of the day, the most important thing is that you realize how essential auto insurance is to protect you and your family. It is the primary resource to help you and your family after suffering from the financial and medical devastation caused by auto crashes.

We see the impact of insurance choices every day in our practice. For some, inadequate insurance coverage means that a family could suffer irreparable harm. And for those who have the coverage they need, there is a better opportunity to recover what they deserve for their medical and financial damages.

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CHAPTER SEVEN

Okay, You're Insured— Now, What if ... You're in an Accident?

WHAT TO DO AND WHAT NOT TO DO

One of the most important things we have shared in this book is that there are only four parties that will always have *your* best interests at heart: You, your family, your doctor and your attorney. Please note that your insurance company and insurance agent are *not* on this list. An insurance company must focus on its own self-interest, so it will be designed to mitigate its own risk exposure.

If you are injured in an auto crash, your first call should be to your doctor and then to your attorney. Your attorney can then handle all that needs to be done with your claim, from beginning to end. If you contact your

insurance company, just provide the facts of the incident, such as day, time, location, etc. Do not start sharing information that could be twisted and used to harm your claim and be used against you. Remember that all of your conversations with your insurance company may be recorded, and whatever you share could be used to reduce your recovery.

Again, if you are injured in a crash, getting medical attention should be your first priority. If you are able, get pictures of all vehicles involved. Note the exact location where the crash happened. Try to get the names and contact details for all witnesses. You should also get the names of any attending police officers and their station location.

THE CLAIM PROCESS

When a client has been injured in a crash, we help the client to gather material, get records, get the bills, determine wage losses, draft a demand, and attempt to negotiate their claim with the insurance companies involved. If a negotiation can't be reached, then a case will move forward with a lawsuit.

LAWSUIT BASICS

If you are in a crash and have suffered damages and injuries, it is very likely that your case and claim will require

legal action to ensure that you receive all of the compensation that you are entitled to.

Every Lawsuit has three things:

- 1) **Plaintiff**—The person who was personally or financially harmed
- 2) **Defendant**—The person or entity that caused the harm
- 3) **Cause of action**—The reason the defendant must pay for the harm he or she caused

When a defendant must pay for a plaintiff's injuries, it means that the defendant is *liable* for those injuries.

CAUSE OF ACTION—NEGLIGENCE FOR AUTOS

For the most part, automobile accidents, medical malpractice, slips and falls, and nursing home injuries all fall under a cause of action known as negligence. For a defendant to be negligent, the defendant must have had a duty to act in a certain way, failed to act as was required, and that failure must have directly led to the plaintiff's injuries.

In auto accidents, drivers have some duties under written laws, codes, and regulations as well as general theories of reasonable safe driving. Any failure to follow these can make a driver liable for the injuries he or she caused. Common examples include failing to stop at traffic lights or signs, speeding, failing to leave adequate space between

other vehicles, inattentiveness, disallowed turning, failure to signal, illegal lane switches, etc.

WHY INSURANCE IS SO IMPORTANT

When negligence occurs, the injuries to the plaintiff can be very large and very costly. The truth is 99.9% of defendants don't have the money to pay for the damages themselves.

EXAMPLE—

Think to yourself how much money you have at your disposal this very minute. Would that be enough to cover \$100,000 worth of damage to someone else.

Because individuals don't have enough money to pay for accidents that occur, every state has some form of mandatory insurance laws for all types of everyday activities. In addition to state requirements, the terms of insurance coverage are also negotiated between an insured (the person who buys the policy) and the insurer (the insurance company).

This is why it is especially important that you have adequate uninsured and underinsured coverage and lock in full tort to protect *you* in case the person who is responsible for the accident does not have enough coverage to

reimburse you for your damages, medical expenses, and pain and suffering.

Our hope is that this book helps you to make better insurance coverage decisions to protect you and your loved ones from the risks of financial devastation and pain and suffering if you are involved in an auto accident.

The most important thing that we hope to convey is that *after* a crash, it's too late to make those insurance decisions that you need to protect your family. You need to have the right protection in place *before* anything happens. Every day that you delay in making sure that you have the right protection in place is one more day you and your family are at risk.

YOU NEED TO
HAVE THE RIGHT
PROTECTION IN
PLACE **BEFORE**
ANYTHING
HAPPENS.

NOTES

[illegible]

This image shows a single page of white paper with horizontal ruling lines. The lines are evenly spaced and extend across the width of the page. There are no margins, text, or other markings on the paper.

ABOUT THE AUTHORS

ERIC CHAFFIN



Eric T. Chaffin is a Co-Founder and the Managing Partner of Chaffin Luhana. Mr. Chaffin comes from humble roots as the son of a steelworker and the first person in his family to attend college. Since 2003, he has focused his career on exclusively representing plaintiffs.

In 2010, Mr. Chaffin co-founded Chaffin Luhana with Roopal Luhana as a national, plaintiffs-only product liability and catastrophic personal injury firm with offices in New York City, Pittsburgh, Pennsylvania, and Weirton, West Virginia.

In traditional product liability litigation, Mr. Chaffin has handled a wide array of cases against various types of manufacturers, with dozens of multimillion-dollar recoveries. In mass tort pharmaceutical and medical device litigation, Mr. Chaffin has been appointed by federal and

state courts to various leadership positions in national plaintiffs' litigation, including the Denture Cream Product Liability Litigation in the Southern District of Florida that resulted in hundreds of millions of dollars in settlements.

Mr. Chaffin also has extensive appellate experience in both civil and criminal cases. Mr. Chaffin has represented the government, organizations, and individuals before various state and federal appellate courts, including the Pennsylvania Superior Court, the Pennsylvania Supreme Court, the Second Circuit Court of Appeals, the Third Circuit Court of Appeals, the Eleventh Circuit Court of Appeals, and the U.S. Supreme Court.

Prior to focusing exclusively on representing plaintiffs, Mr. Chaffin was a federal prosecutor in the U.S. Attorney's Office in the Eastern District of New York. In that role, Mr. Chaffin prosecuted a wide variety of cases, including narcotics trafficking, organized crime, murder, racketeering, money laundering, immigration fraud, terrorism, arms trafficking, securities fraud, perjury, mail fraud and wire fraud.

Before being a federal prosecutor, Mr. Chaffin was a federal district court law clerk, and was a corporate defense attorney with Reed Smith LLP in Pittsburgh—a large international corporate defense firm. There, he represented Fortune 500 companies in criminal investigations, defended several class actions, and tried an age discrimination case to a successful defense verdict. While Mr. Chaffin values the perspective his defense work at

Reed Smith provided him, the more extensive work he does these days—for survivors—is in keeping with his humble roots and personal values.

Mr. Chaffin maintains residences with his family in New York and the greater Pittsburgh area, splitting time between the firm's offices. When Mr. Chaffin is not managing the firm or working with his clients, he enjoys time with his family, endurance sports, hiking, fishing, skiing and traveling. Mr. Chaffin is a 2020 Ironman 70.3 All World Athlete (top 10% points ranking in the world for the 70.3-mile triathlon distance) and a New York City Marathon finisher.

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PATRICK BOOTH



Patrick C. Booth is a Partner of Chaffin Luhana LLP. Mr. Booth is a Pittsburgh native.

Prior to joining the firm, Mr. Booth was an attorney for a large Pittsburgh defense firm where he defended trucking companies, railroad companies, and Fortune 500 companies in litigation throughout the country. Mr. Booth now exclusively represents plaintiffs who've been injured by the negligent, reckless or intentional actions of others.

Through years of defending companies, Mr. Booth has a particular insight into how the insurance industry and large companies view and handle personal injury cases. Mr. Booth enjoys using his knowledge and experience to help his clients obtain the best results possible in their personal injury cases. He has successfully recovered tens of millions of dollars for accident victims. His past successes include multiple single case recoveries in the seven figures.

Mr. Booth's practice focuses on representing victims of auto accidents, commercial truck crashes, and falls

on negligently maintained properties. He also regularly represents victims of insurance bad faith. Mr. Booth has appeared in the courts of nearly every county in Western Pennsylvania. He also regularly represents clients throughout Ohio and West Virginia in state and federal courts.

Mr. Booth's litigation career began in law school where he represented dozens of abuse victims in protection from abuse (PFA) actions. He also represented disabled clients before the Social Security Administration. After law school, he continued to represent abused women through his work with Neighborhood Legal Services (NLS) and mentored other attorneys on how to help abuse victims. Mr. Booth has also represented students at many of the region's colleges and universities who were charged with violating a school's code of conduct or honor code.

As an attorney with Chaffin Luhana LLP, Mr. Booth has been a supporter through the Chaffin Luhana Foundation of the Ronald McDonald House of Pittsburgh, which provides services to families of children undergoing medical treatment.

About **CHAFFIN LUHANA LLP**

Chaffin Luhana LLP is a plaintiffs-only law firm with a national trial practice focused on representing injured victims in complex cases.

With **over 130 years of experience and over \$1 billion recovered by our attorneys**, our hardworking team includes former federal and state prosecutors, former state and federal judicial law clerks, former large defense firm attorneys, court-appointed leaders in the national plaintiffs' bar and an on-staff social worker.

We have extensive experience that is nationally recognized, and we have achieved extraordinary results for our clients in the area of pharmaceutical and medical device litigation, product liability litigation, and significant personal injury litigation in state and federal courts across the country.

Yet, despite our tremendous success inside and outside of the courtroom, our attorneys and staff remain grounded and true to our humble roots. We pride ourselves in

being compassionate and empathetic toward our clients and communities and treat them like family.

Indeed, our values are at the core of our firm. Our overarching value is “DOING GOOD BY DOING RIGHT.™ Every Day. In Everything We Do.” Through the Chaffin Luhana Foundation, which is funded with a portion of the profits from the firm, we carry out this mission in the communities where we practice.

Through the foundation, we have donated to dozens of charities, advanced scientific research of toxic exposure to zinc, worked to combat distracted driving, and provided college scholarships to many high school students. Our foundation spokesperson is Stephani Victor, who is a former client and Paralympian skier. She emulates our ideals and values including integrity, resilience, success and perseverance.

Disclaimer:

Prior results do not guarantee or predict a similar outcome with respect to any future matter. This book does not constitute or establish any attorney-client relationship.



PERSONAL INJURY PRACTICE

We represent Plaintiffs who have suffered injuries or lost a loved one due to someone else's negligence, error, or deliberately wrongful act.

Choosing a lawyer to obtain justice for you and your family is one of the most important decisions you will ever make, and we know you want the best lawyers possible for your family.

- **Experienced Team:** Our team includes former state and federal prosecutors and clerks, former large-defense firm attorneys and a caring and compassionate social worker.
- **Convenient & Available, 24/7:** We make the process quick and easy - so you can focus on your family, and recovery. You can even sign up with us from home!
- **Payment:** There is never a fee or costs to you unless we win, and even then, we only get paid from the verdict or settlement.
There is no upfront cost to you.
- **Results:** Over 1 Billion recovered by our attorneys.

What We Do
Catastrophic Injury, Car Accidents, Truck Accidents,
Premises Liability, Workplace Injury Accidents

If you have questions, call or text us.

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MASS TORT PRACTICE

We represent Plaintiffs who have suffered a broad range of injuries and wrongful death cases due to:

- Dangerous Drugs
- Dangerous Consumer Products
- Defective Medical Devices

If you or a loved one have suffered because of such drugs, products or devices, you owe it to yourself to secure the best legal representation possible.

The attorneys at Chaffin Luhana LLP have received national recognition for the results they've obtained for their clients in drug and consumer product litigations.

They have also been featured on national programs like *ABC's Good Morning America*, *The Today Show*, and *ABC World News*.

Have any questions?

Call or text us - we're here for you.

1-888-480-1123

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Doing Good by Doing Right™

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Contact:
CHAFFIN LUHANA LLP

615 Iron City Dr.
Pittsburgh, PA 15205
(888) 480-1123

West Virginia:
3200 Main St.
Weirton, WV 26062

New York:
600 Third Ave., 12th Flr.
New York, NY 10016

ChaffinLuhana.com

WA

Doing Good by Doing Right[™]

Purchasing auto insurance can be a grueling and overwhelming experience. You might assume you know what coverage you need and how to protect yourself and your family, but unfortunately, most people don't realize that the decisions they make may be falling short.

Far too often, people only consider cost when deciding on a policy. In fact, they only evaluate the total premium price rather than the nature of the coverage and the price of various options.

Over the years, we've seen clients get into accidents and only then realize how much their insurance is lacking and how **NOT PROTECTED** they truly are. That's why we've written this book: to help you make better insurance-buying decisions. So, in the event you are in an auto accident, you will at least have peace of mind in knowing that you are covered financially.

In this book, we'll cover:

- The different types of auto insurance in Pennsylvania
- What PA requires of insurance providers and drivers
- The 4 biggest insurance traps you need to avoid
- The secrets the auto insurance industry doesn't want you to know
- How to choose the right coverage for you and your family

**CHAFFIN
LUHANA_{LLP}**

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Pennsylvania Office:
615 Iron City Drive
Pittsburgh, PA 15205