



PIP REFORM:

What Will Happen to My Premium?

Using an example where the PIP portion of the annual insurance premium on a vehicle costs \$250 for an unlimited benefit, this table applies the cost reduction to the various lesser PIP coverage options:

COVERAGE LEVEL	PIP PREMIUM ROLL-BACK	ANNUAL SAVINGS
Keep Unlimited PIP Benefit (<i>current law</i>)	10% PIP reduction	\$25
\$500,000 PIP Benefit	20% PIP reduction	\$50
\$250,000 PIP Benefit	35% PIP reduction	\$87.50
\$50,000 PIP Benefit (<i>must be enrolled in Medicaid</i>)	45% PIP Reduction	\$112.50
Medicare Opt-Out (<i>must be enrolled in Medicare Part A & B</i>)	100% PIP reduction	\$250
Qualified Health Coverage Exclusion (<i>all members of the household have other health/accident coverage that does not exclude or limit coverage for injuries related to an auto accident and has an annual deductible of \$6,000 or less per individual</i>)	100% PIP reduction	\$250

Bodily Injury (BI) Liability will also be effected by reform. This pays for injuries a driver causes to other people, including other drivers, passengers, and pedestrians. This part of your auto insurance policy covers medical expenses, lost wages, and pain and suffering up to your policy limit.

The new BI Liability limit of \$50,000 per person and \$100,000 per accident replaces the current \$20,000/40,000. The new **“default”** residual bodily injury limit of \$250,000 and \$500,000 will be offered to drivers, with drivers able to elect more or less liability coverage should they choose but not less than minimum. There is a significant argument that \$50,000/\$100,000 limits are still far too low to coverage the increased liability exposures. It is imperative that you speak with your insurance professional and make an informed decision when selecting appropriate liability limits.

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