

## An explanation of New York's no-fault auto insurance

### Would you explain New York's no-fault auto insurance coverages?

No-fault coverage pays for expenses related to injuries sustained in a motor vehicle accident. It does not, however, cover vehicle damage. New York state law requires an auto insurance policyholder to purchase no-fault coverage, which provides up to \$50,000 of benefits per eligible person injured in an automobile accident. The benefits provide for:

- doctor, hospital or other health service expenses, to be paid in accordance with the state's fee schedule;
- 80 percent of lost earnings up to a maximum payment of \$2,000 per month for accidents occurring after Nov. 12, 1991, provided the policy has been purchased or renewed after that date (if not, the limit is \$1,000) for up to three years after the accident;
- up to \$25 per day for one year after the accident for other reasonable and necessary expenses the injured person may incur as a result of the injury; i.e., babysitter or household assistance; and
- a \$2,000 death benefit, payable to the estate of a covered person, in addition to the \$50,000 economic loss coverage. These benefits are reduced by other benefits that may be payable under Workers' Compensation, Social Security Disability, New York State Disability and certain employer wage continuation plans.



### What recent changes in the no fault law should I know about?

The biggest change is new optional coverage available for purchase at a nominal fee. This additional coverage is called Optional Basic Economic Loss (OBEL) and will pay certain expenses up to \$25,000 above the basic no-fault limit of \$50,000. OBEL differs from other coverages in that the claimant including you, family members, passengers in your car (if the accident happens in New York State) or pedestrians injured by your vehicle can select the types of benefits to be covered.

After an injury for which a claimant will use the basic no-fault coverage, the insurance company asks that claimant to select one of four OBEL options to which the company will then dedicate payments. Once an option is chosen, it cannot be changed. The options are:

- 1) Basic economic loss, such as health care expenses, loss of earnings from work or other reasonable and necessary expenses;
- 2) Loss of earnings from work;
- 3) Psychiatric, physical or occupational therapy and rehabilitation; or
- 4) A combination of options 2 and 3.

### Should I buy the additional coverage?

That's a question only you can answer, based on your own situation. It would be wise to discuss the coverage with us insurance agent so that all of your questions are answered before you make your decision.

Your Professional Insurance Agent ... We want you to know about the insurance you're buying.

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