

No-Fault Coverage Uncovered

When most people hear “no-fault,” they think it relates to responsibility for an auto accident, which is not exactly true. So what does “no-fault” coverage mean? “No-fault” coverage also is referred to as Personal Injury Protection (PIP), which better describes the coverage. In basic PIP coverage, your insurance company pays you for medical expenses, lost wages and similar “out-of-pocket” costs due to an injury occurring in an automobile accident, regardless of who is at fault for the accident. It also means that you cannot recover these and other damages from the at-fault party unless your injuries exceed certain thresholds.

Basic PIP Coverage

Insurance on all motor vehicles, except motorcycles, must include basic PIP coverage. Basic PIP benefits pay up to \$10,000 for medical expenses, lost wages up to \$200 per week, replacement services and survivor’s benefits if someone is injured in a motor vehicle accident, regardless of who may have been at fault.

Be aware that with rising medical costs, the basic coverage may not be adequate to cover a serious injury. You have the option of purchasing additional PIP coverage. Check with your agent for additional coverage available.

An injured person would file a claim for PIP benefits on the coverage of the vehicle they were in at the time of the accident, or in the case of a pedestrian, the vehicle they were struck by. If you own the vehicle you were injured in, but do not have insurance coverage, no PIP benefits are available to you. However, if you were a passenger in an uninsured vehicle, you can seek coverage from other vehicle policies. If there is no other policy available, a claim for basic PIP should be made to the Kentucky Assigned Claims Plan. You can contact them by writing to the Kentucky Assigned Claims Plan, P.O. Box 436509, Louisville, Kentucky 40243, by phone at 502-327-7105 or send an e-mail to kyauto@kaip.org.



Limitations on Right to Sue and be Sued

In exchange for eligibility to receive basic PIP benefits, all persons who register, operate, maintain or use a motor vehicle in Kentucky are deemed by law to have accepted certain limitations on their right to recover damages for bodily injury due to motor vehicle accidents. This means that an injury claim or lawsuit for damages, including pain and suffering, cannot be brought by you or against you unless the injured person has incurred medical expenses greater than \$1,000, a broken bone, permanent injury or death. These limitations are called “thresholds.”

You have the option of rejecting basic PIP coverage for yourself, thereby rejecting these limitations. The rejection must be in writing on a special form and filed with the Department of Insurance. See your agent for a copy of the form, or visit our website (<https://insurance.ky.gov/PPC/Documents/nf1020718.pdf>). If you file a no-fault rejection form, you are not entitled to receive basic PIP benefits unless you “buy-back” the coverage. Keep in mind that your liability premium may be higher due to your no-fault rejection, since others will have the same right to sue you for injuries which do not reach the thresholds.

If every member of your household rejects the limitations on their right to sue and be sued, Guest PIP must be included on your policy to provide basic PIP benefits to your passengers and pedestrians.

Motorcycle ALERT!

Basic PIP coverage is optional for motorcycles. Unless basic PIP coverage is purchased for the motorcycle, neither the operator nor the passenger of the motorcycle is entitled to collect basic PIP benefits from any source.

If a motorcycle owner elects not to purchase PIP coverage, he is still considered to have accepted the limitations on his rights to sue and be sued for damages unless a no-fault rejection form is filed. If a no-fault rejection form is not filed, he will be unable to recover the first \$10,000 of an injury claim from the at-fault party.

If you have additional questions about no-fault /PIP coverage, or other insurance matters, contact the Kentucky Department of Insurance by calling 800-595-6053 (in Kentucky) or 502-564-3630 (out of state) or visit our website at <http://insurance.ky.gov/>.



Kentucky Public Protection Cabinet
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