

## A Quick Guide to Insurance Policies

Trying to keep track of all the various insurance companies involved in a car accident case can be overwhelming. After all, there is your automobile insurance; the automobile insurance of the driver who hit you; and your health insurance. There may also be workers' compensation insurance, or disability insurance. In fatal car accidents, life insurance may be involved. Sometimes Medicare, Medicaid, or the Oregon Health Plan apply. Some accident victims find themselves dealing with six or more insurance companies at a time.

In an effort to help clarify these processes, we've summarized the basics of the common types of insurance an accident victim typically has to deal with after a collision.

**First: your own automobile insurance.** Your insurance policy covers liability, PIP, and UM/UIM.

**Liability insurance** means that if you hit someone else, and it's your fault, your insurance will provide a lawyer to defend you and will pay any settlement or judgment up to at least \$25,000 (more if you've paid additional premiums to get more coverage). Similarly, if you were in a crash that was someone else's fault, you will be dealing with *their* liability insurance.

**Personal Injury Protection (PIP)** means that if you get injured while using your car, your auto insurance will pay the cost of medical care for that injury for one year, up to \$15,000 (more if you've paid additional premiums to get more coverage).

**Underinsured Motorist Coverage (UIM)** applies in the case that the person who hit you does not have the insurance coverage to pay you the full amount of your settlement.

**Insurance Policy Limits** - The real dollar figures in each case will depend on the "limits" of the insurance policy. Every insurance policy has "limits"—that is, the maximum amount that the insurance company will have to pay out. Automobile insurance limits are typically quoted as two numbers with a slash between them. For example, as of this writing, ORS 806.070 requires that automobile policy issued in Oregon must be for at least \$25,000 / \$50,000.

The first number is the most that the insurance company has to pay to any one person in an accident. So if the person who hit you has \$25,000 / \$50,000 limits, then their insurance company will never have to pay you more than \$25,000 for your injuries.

The second number is the maximum amount the insurance company will ever have to pay for the accident. So if three people were hurt in the crash, the company would never have to pay more than \$25,000 to any one person, but they also would never have to pay more than \$50,000 for all three people combined. Which means that each person could get less than \$25,000. If the person runs into a bus and injures 50 people, each one may get an average of only \$1,000 each, because the insurer never has to pay more than the \$50,000 for the entire accident.

In general, if you've been in a car accident, you will have to deal with at least two insurance companies: the insurance company of the person who hit you, and your own insurance company's PIP department. Your insurance company's PIP department is supposed to be on your side. Unfortunately, they don't always act that way. Still, they should pay all your medical bills without much trouble; you will have to cooperate with them, including filling out some forms and giving them permission to see your medical records, so that they know exactly what they're paying for. They are supposed to help you.

On the other hand, the insurance company of the person who hit you is *never on your side*. We believe that their job should be to make you a fair offer, pay it, and let you go on your way. They seem to believe, on the other hand, that their job is to hold on to their money with the tightest fist they can manage. Find more information about dealing with them here:

Obviously, this is a very general outline of the types of insurance related to car accidents. More in-depth information can be found elsewhere on the site:

[More on PIP](#)

[More on Liability](#)

[More on UIM](#)