



What You Don't Know About Your Car Insurance May Hurt You...



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...if you are ever injured in an auto accident.

For many New Jersey drivers, the specifics of automobile insurance are less than clear. It is very important you, as a consumer, understand the policy choices that you are given by automobile insurance companies and how those choices may affect you if you are ever involved in an auto accident.

As New Jersey drivers, we are well aware that New Jersey auto insurance rates are among the highest in the country. In response to and in hopes of calming the soaring insurance rates, the New Jersey Legislature, in 1988, amended New Jersey automobile insurance law and introduced the "Verbal Threshold" (now known as the "Limitation on Lawsuit" option), which was intended to reduce the number of lawsuits being filed each year in hopes of lowering auto insurance rates. As a result, you are now required to select either the "Limitation on Lawsuit" or the "No Limit on Lawsuit" option when beginning or renewing your auto policies. These terms, however, are rarely explained to us.

It is important to understand that your election of the Limitation on Lawsuit option will also extend to limit the rights of immediate family members living with you if they are listed on your auto policy or are non-drivers or drivers who are not covered under any other auto insurance policy.

What Does "Limitations On Lawsuit" Mean?

If you are injured in an auto accident and have elected the "Limitation" option, you will be prevented from recovering any monies for your pain and suffering (referred

to as "non-economic damages") unless your injuries fall under one of the six (6) specific categories of injuries provided for under our State law. Because personal injury cases are almost always accepted on a contingency fee basis (as in the oft-heard television advertisements "you don't pay us unless we collect money for you"), attorneys will likely decline to accept a case where the injured person is subject to a "Limitation on Lawsuit" and their injury does not clearly fall into any one of the six specified categories, which are:

- Type 1 - Death;**
- Type 2 - Dismemberment;**
- Type 3 - Significant disfigurement or scarring;**
- Type 4- Displaced fracture;**
- Type 5 -Loss of a fetus;**
- Type 6 -Permanent injury.**

While most of these categories are clear in their meaning, the "Type 3" injury can sometimes be a matter of opinion. What you may consider to be "significant" scar or disfigurement simply may not be considered "significant" in the minds of a jury. A large (or multiple) facial laceration, which can be painful, embarrassing and take many months to heal, may fail to satisfy the threshold of injury required under the "Limitation" if there is no permanent scarring or if the scarring would be considered minimal or insignificant to other people.

Many injuries suffered in automobile accidents can be very painful and may need long-term treatment; however, if the injury ultimately heals completely without any further known issue, the "Limitation" would apply to prevent you from pursuing a claim regardless of how long you suffered pain.

Anyone who has ever suffered a bulging disc well knows the long-term pain and discomfort that this type of injury causes and how much it can impact day-to-day life. Despite same, these injuries are likely to fail to meet the criteria of the Lawsuit Limitation.

But The Accident Was Not My Fault!

If you are subject to the "Lawsuit Limitation", your right to sue for non-economic damages will be limited even if the other driver is 100% at fault for the accident.

Which Option Should I Choose?

Cost was, and often is the factor in deciding which option to elect. The "Lawsuit Limitation" will lower the cost of your annual policy premium by an average of about \$500.00, but will significantly limit your right to sue for pain and suffering if you are ever injured in an automobile accident.

Policyholders who elect the "No Limit on Lawsuit Option" maintain the right to sue for pain and suffering regardless of whether or not they meet the criteria of one of the six categories of injuries. Of course this does not guarantee success of recouping monies for your pain and suffering, however the "No Limit" option will enable you to make a claim for pain and suffering where the Lawsuit Limit would deny you that right if your injuries did not fall into one of the six categories. The ultimate choice in which option to elect belongs to the policyholder, but the choice should be made knowingly. You should not be asked to give up any of your rights before you understand what it is you are giving up.

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