

No-Fault Auto Reform

How much money will I save?

No-Fault Reform required PIP premium reductions:

- Unlimited PIP: 10% per vehicle
- \$500,000: 20% reduction per vehicle
- \$250,000: 35% reduction per vehicle
- \$50,000: 45% reduction per vehicle
- Full opt-out: 100% reduction per vehicle

There are many parts of your policy that make up premium such as personal injury protection, bodily injury, comprehensive, collision, rental reimbursement and roadside assistance. The percentages above represent reductions in just the personal injury portion of your policy.

Time and data will tell:

- Short term we will see reductions in the personal injury protection premiums. The overall premium decreases will depend on coverage choices. Keeping the unlimited PIP coverage may not see much of a decrease on overall policy premium.
- Short term, bodily injury premiums will increase due to a higher default minimum limit and opening up the possibility of tort lawsuits. These increases may result in higher overall policy premiums.
- Medium term, a fee schedule may provide the biggest help in driving down medical costs. This goes into effect starting in 2021. On some services, hospitals billed auto insurance companies as much as ten times more than they billed medicare for the same services.
- Long term, there are some unknowns such as:
 - Will policyholders choose unlimited, a limit or opt out?
 - Will lawsuits increase claim payout amounts?
 - Will more people that were uninsured prior now purchase insurance?



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Other factors that are effecting insurance rates:

- Distracted driving.
- More miles being driven – 3.2 trillion miles in 2017 – partially attributed to low gas prices.
- More newer cars on the road – over 17 million new cars sold each year 2017 to 2019.
- More technology in vehicles.

These factors result in:

- Higher frequency of accidents.
- Higher frequency in severe accidents.
- Higher costs to claims involving a total loss to a vehicle.
- Higher costs to repair vehicle (parts and labor increases).

Silver Lining:

- COVID-19 could result in lower 2020 claim payouts due to stay at home order allowing rate stability for 2021 rate filing.
- Companies may move to more work-from-home capability resulting in less vehicles on the road and less miles driven.
- Any factors that lower the total amount of claims dollars paid out will result in lowering overall insurance premiums.



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