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Introduction

Automobile liability insurance is generally a mandatory practice in most of the countries of the world including the United States. There are four major categories of car insurance, which include tort liability, choice no-fault, add-on, and no-fault insurance. The major differences in these car insurance types include availability of restrictions on the right to sue and if the policy holder's insurer pays first party benefits, notwithstanding which driver was at fault for the occurrence of a motor vehicle accident.

According to the Insurance Information Institute, the no fault insurance is usually intended to lower the cost of automobile insurance through taking small claims out of the courts (New Jersey No-Fault Auto Insurance Laws). In this insurance policy, every insurance company compensates its own first party policy holder for the costs of minor injuries, notwithstanding the person who was at fault in the accident. In this instance, therefore, the second and third parties are the insurance company and the other person hurt during the occurrence of an accident respectively. It describes car insurance that provides for no-fault payment of the first party benefits as well as restricts the right to sue (New Jersey No-Fault Auto Insurance Laws). The policyholder benefit coverage in this case is referred to as a personal injury protection (PIP). However, the ability to sue usually depends on a specific threshold usually measured in monetary or verbal terms such as a minimum of \$300,000 or resulting in death or serious injuries respectively.

Currently, twelve states of the United States have or include no-fault car insurance in their insurance policies. These states include Florida, New York, Michigan, Kansas, Kentucky, Hawaii, Pennsylvania, Minnesota, Utah,

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Massachusetts, North Dakota, and New Jersey. Some of these states use just no fault while other are considered choice states. In the latter states, drivers have the opportunity to choose between no fault policy or policy based on the traditional tortious liability. Critics assert that no fault insurance is the basic causes of several insurance problems in the United States (Marquand, para. 3). This insurance is blamed for the extensive car insurance fraud cases in states such as Florida, which has reduced insurance business in this state. In New York, it is believed that the broken no fault insurance system requires proper reforms to regain stability. In other states such as Michigan, this system of insurance has been blamed for inflating a personal injury protection claims, which has consequently increased the car insurance premiums for many people in the United States. This system was adopted to ensure that the injured persons received compensation for their damages without having to wait for the courts to determine who was at fault before compensations are effected to the beneficiaries. Additionally, the system seeks to create a win - win strategy in insurance for the first and the third party.

Roads in New Jersey are packed with trucks, commuter traffic, and visitors from other states and countries. Being the most densely populated state, it has the highest traffic, which implies that there are more than average risks for the in-state drivers of being involved in a car accident. The New Jersey State adopted the no fault insurance in the statute referred to as the Automobile Insurance Cost Reduction Act of 1998. New Jersey State is no-fault jurisdiction, which implies that it has specific regulatory and statutory requirements as well as limits that govern these requirements. These limits

govern how much, when, and for how long an individual involved in an automobile accident may be entitled to get benefits from resulting from that particular accident. However, most of these choices are made by the policy holders when they buy coverage in the first place. For instance, when buying the insurance policies, the policyholder determines the amount the insurance carrier has to pay in medical bills or to cater for the damages caused to the vehicle in the event of an accident. Under the no-fault insurance scheme, the insurer covers economic losses regardless of the person whose fault resulted into the occurrence of the accident. As a New Jersey driver under such policy, in the event that an accident occurs, the policyholders will have to look for their insurers to pay for their medical bills and other damages even if the driver was on fault. Additionally, even if another driver was on fault in the accident, you will not have to look for the latter's insurance company to pay for the resulting damages. Nevertheless, this depends on the provision that the claims do not exceed the threshold.

New Jersey is a " Choice no-fault automobile insurance state. The state follows no-fault system when it comes to automobile accidents and insurance. This, therefore, implies that drivers may sue one another in court, in very limited cases that the no fault insurance does not cover. One notable thing is that the automobile drivers in the New Jersey State have the opportunity to choose between no traditional car insurance coverage and the no fault insurance coverage during the purchase of the insurance policies. In the traditional coverage option available to the drivers, one driver is allowed to file liability claims against the other driver involved in an accident for full compensation of the damages after the accident. However, the second

available option to the drivers is the no fault insurance coverage. This allows the for lawsuits in New Jersey if an accident resulted in significant scarring, dismemberment, displaced features, significant disfigurement, displaced features, permanent injury other than the aforementioned, or loss of a fetus (Smith, p. 5).

The minimum automobile insurance requirements in the New Jersey State are known as the basic plan and include \$5, 000 in every accident for property damage. However, this coverage option does not include the costs of replacing or repairing the car destroyed in the accident. The second requirement of the basic plan is \$15, 000 for every person for every accident for Personal Injury Protection (PIP) benefits. Finally, the coverage provides \$250, 000 for every person per accident in Personal Injury Protection (PIP) benefits for specific serious injuries including spinal cord injuries or brain damage. Under the basic plan policy, the optimal coverage is available for things such as uninsured or underinsured motorist coverage, bodily injury, comprehensive coverage, and collision coverage. The New Jersey drivers are, however, not required to have such coverage. Nevertheless many drivers opt for this coverage to cover medical expenses, provide additional protection in case they are involved in an accident with another driver who is not insured or has little insurance coverage, or to pay for the damages sustained by their own vehicles in the accidents.

In Ocean and Monmouth counties of the New Jersey State, there are very high rates of annual accidents caused by careless driving, over speeding, or talking on the cell phones while driving as well as drunk driving. There are between 17, 000 and 20, 000 accidents in every county and averagely 4,

500 accidents resulting in serious injuries (Olkowitz, para. 3). For instance, about 100 cell phone related accidents and 144 similar accidents were recorded in Ocean and Monmouth counties respectively. However, the no fault laws provide protection for the victims of these accidents with out of court settlements regardless of the causes or the individuals responsible for these accidents.

Conclusion

No fault insurance provides protection for the victims involved in an accident without looking into the person responsible or at fault in the occurrence of the accident. This out of court settlement ensures that every driver resorts to claiming from his insurer to cater for the damages caused during the accident. The second party in this case, therefore, is the insurance company, and the driver of the other vehicle becomes the third party. In new Jersey State, which has one of the largest population and traffic, there are options of either choosing the no fault insurance or the traditional insurance based on tort liabilities. The traditional insurance coverage ensures that one driver sues the other for full compensation in the event of an accident. However, limited to fatal injuries, the no fault insurance bars the insured from suing any of the parties for compensation. Nevertheless, even though New Jersey drivers are not supposed to take covers such as comprehensive coverage, other drivers opt for them to cover other expenses and eventualities.

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