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Med-Pay Coverage Begins in January for Colorado Consumers

A new Colorado law goes into effect Jan. 1, requiring insurance companies to include a minimum amount of medical payment coverage on all automobile insurance policies issued in the state.

Often called "med-pay" for short, Medical Payment Coverage is a type of insurance which provides at least \$5,000 coverage for the insured driver and passengers to pay for injuries sustained in a car accident, regardless of who is at fault. Although the coverage is mandatory, there is a provision for consumers who do not want Med-pay coverage to opt-out in writing.

Med-pay coverage is designed to provide a resource to help cover the immediate medical costs, up to the limit purchased by the consumer, including first responder and emergency room costs, to an insured driver and passengers, regardless of responsibility for the accident. Without med-pay benefits, auto insurance policies may not cover medical costs for insured parties when injured in an automobile accident.

If you are hurt in an auto accident and have med-pay benefits included on the policy, your auto insurance company pays for the medical treatment up to the limit purchased. Med-pay coverage allows immediate medical payments for the automobile accident-related expenses.

Dora's Commissioner of Insurance, Marcy Morrison, said the additional coverage can help protect consumers at a time when they need it most. "This law gives people the opportunity to insure themselves against the immediate costs associated with injuries from a serious car accident. There are significant costs associated with emergency services, including ambulances, emergency room doctors and medical procedures that are covered by med-pay," Morrison said. "This means people who have this coverage can concentrate on recovery instead worrying about how the immediate bills will be paid."

All insurance companies must include the med-pay coverage with new and renewal policies, but consumers will have the option of rejecting this coverage in writing. Since insurance companies are providing additional coverage, it is possible that premiums will increase accordingly. There is no provision in the law restricting companies from increasing a premium when providing med-pay coverage. Drivers and passengers with med-pay coverage will have an additional layer of financial protection against medical bills incurred in an auto accident. But a consumer who does not want to pay the additional premium has the option of rejecting the coverage or may consider shopping around for a better premium.

Your insurance company should tell you what the premium amount is at the time you contract for insurance or renew your insurance policy. Consumers may reject the med-pay coverage in writing (or in the manner in which the policy application was taken.) If the coverage is rejected, the insurer must maintain proof that the insured party rejected the coverage for at least three years following the rejection. However, all drivers in Colorado are required to carry car insurance. Colorado requires minimum coverage limits of \$25,000 per person for bodily injury, \$50,000 per accident for bodily injury, and a minimum of \$15,000 of property damage liability.

DORA is dedicated to preserving the integrity of the marketplace and is committed to promoting a fair and competitive business environment in Colorado. Consumer protection is our mission.

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