

LAW OFFICES OF

JAMES SCOTT FARRIN



First Party
Insurance Claims
Your Questions Answered

Should You Pursue First Party Insurance Claims?

There is a widely-held belief that making a first party motor vehicle insurance claim — such as an uninsured or underinsured motorist claim or a medical payments claim — is a “bad” thing to do. Also, it often seems as though my clients want to avoid making a first party claim against another household family member’s insurance policy at all costs. But this way of thinking and acting is often fundamentally incorrect. I have the same conversation on these issues with so many clients that I thought it would be helpful to address it here in writing.

For the purpose of this guide, I am focusing on first party motor vehicle insurance claims for serious car accident injuries — not property damage claims and not minor medical claims. Every day, people are severely injured in auto accidents through no fault of their own, and many do not understand that the insurance they have themselves, and even the insurance their household family members possess, can potentially help them obtain the compensation they deserve for their injuries. **First party motor vehicle insurance coverage exists to meet these types of needs.**

I am a personal injury attorney at one of the largest PI firms in North Carolina. We have helped over 55,000 clients recover over \$1.4 billion¹ in total compensation since we started in 1997. I am not bragging — instead, I am providing you with our firm’s credentials because I want you to read this article carefully and to seriously consider the advice within it. We are in the business of protecting our clients’ rights, and we fight for as much as possible, as quickly as possible. It does not benefit our clients (or us) to give out bad advice. **And I advise my clients to make first party insurance claims if the facts and circumstances warrant.**

When clients don’t take this advice, we have them sign a waiver that they are purposefully not following our guidance and are instead directing us to not pursue a first party insurance claim for damages. By signing this form, they are acknowledging the negative impact this decision can have on our ability to seek a fair settlement on their behalf. It’s right there in black and white, yet some clients refuse to follow this advice, and by doing so, they are walking away from possible additional compensation.

So, let’s start with the basics.

First party motor vehicle insurance coverage exists to meet these types of needs.

¹Prior results do not guarantee similar outcomes because each case is unique and must be evaluated separately.

■ What Is First Party Motor Vehicle Insurance Coverage?

First party motor vehicle insurance is coverage on your own policy that can provide compensation related to injuries you and your passengers sustain in an accident. First party claims are those filed against these [types of motor vehicle insurance policies](#):

- A policy you purchased for yourself
- A policy covering the vehicle in which you were a driver or a passenger
- A policy belonging to a household family member

Following are two of the most common types of first party motor vehicle insurance claims:

UM/UIM, short for Uninsured/Underinsured Motorist, is coverage that may protect you and other passengers in your vehicle if the at-fault driver has either no auto insurance (UM) or doesn't have enough insurance to fully cover your damages (UIM). NC law requires drivers to purchase a minimum level of UM coverage, but UIM coverage is optional. Many insurance agents fail to properly explain the benefits of these coverages to their customers.

MedPay, short for Medical Payments Coverage (MPC), is optional coverage that provides dollar-for-dollar payment of certain medical expenses if you or passengers in your vehicle are injured in an accident — regardless of who was at fault.



■ Why Should My Insurance Pay for Medical Expenses if the Accident Was Not My Fault?

Great question. And this is one that I hear often. *Ideally*, the at-fault driver's insurance should cover all of your damages. **But if the at-fault driver has no auto insurance — i.e. was uninsured — your UM policy can provide some of the coverage the at-fault driver lacks.** And you are already paying for this because North Carolina law requires you to purchase UM coverage.

Conversely, if the at-fault driver has insurance but your or your passengers' damages exceed the at-fault driver's limits of liability coverage, your UIM policy can supplement the at-fault insurance. The at-fault driver is underinsured — get it? That's what UIM coverage is for.

In North Carolina, you are not required to purchase MedPay, but many drivers do. I regularly advise my clients who have it to **take advantage of their MedPay coverage for their medical expenses.** If you are already paying for this coverage, why not use it?

■ Can't I Just Sue the At-Fault Driver?

While [taking an at-fault driver to court](#) is an option, often the person who caused the wreck does not have the financial resources necessary to make doing so realistic. You've heard the old adage "you can't get blood out of a turnip," right? Because of this unfortunate reality, an attorney talking to you about finding all potential sources of recovery for your damages should be asking about first party insurance. And remember, you pay your insurance premiums for coverage in these types of situations.

■ How Can Your Family Members' Insurance Help You?

You purchase auto insurance to cover your financial needs when accidents happen — and **this insurance can also often be used to help your household family members.** I regularly encourage my clients to take advantage of this potential benefit and make claims on household insurance policies as needed. If you or your household family members are injured in an accident and the at-fault party either doesn't have insurance or doesn't have enough, use the insurance that you or your household family members are already paying premiums on if it applies — that is the purpose of the insurance.

If you are injured in a car wreck and the other driver was at-fault, you generally file a claim with the at-fault driver's insurance company to cover your damages. Unfortunately, many drivers only carry the minimum legal requirement of insurance coverage, so even if their insurance pays you the policy limits, you may still not be fully compensated for your damages.

Here's where your own car insurance policy, and those of your household family members, may be able to help. **Insurance "stacking" is when you make claims on multiple insurance policies to try to cover the damages from a single car accident.** Here's an example of how insurance stacking can be beneficial:



Insurance Stacking Example:

Steve was driving on I-40 to Durham, and (BAM!) another driver hit him. Steve sustained serious injuries, and after being taken by ambulance to the hospital, he wound up with more than \$70,000 in medical bills, along with expenses related to being out of work for several months. The at-fault driver had the minimum amount of bodily injury liability coverage required in North Carolina (\$30,000). This coverage is clearly insufficient to compensate Steve for his damages, since the total value of his claim includes his medical expenses, lost wages, and other harms and losses, such as pain and suffering.

If Steve has auto insurance with \$50,000 limits of UIM coverage, he can make a claim against that coverage for the \$20,000 difference between the limits on his policy and what the at-fault driver carries. That's \$20,000 more to help cover Steve's damages...and it's not the end of the analysis.

Let's say Steve lives with his parents, who have their own auto insurance with a \$100,000 limit of UIM coverage. Because of the stacking rules in North Carolina, Steve can also make a claim for the full \$100,000 limits of his parents' UIM coverage — that policy “stacks” on top of Steve's for the purpose of determining how much UIM coverage exists. In this example, Steve has \$150,000 of coverage to pursue from the policies he and his parents already carry, helping him to recover full compensation for his claim. It's certainly better than being limited to \$30,000!

While this example is about UIM coverage, you can generally stack UM and MedPay policies as well.

■ Will My Rates Go Up if I File a First Party Claim?

This is the most common question I'm asked when I tell clients about first party insurance. The answer is “possibly.” While an insurance company may not charge insurance points for an accident that was not your fault, it may increase your premium after the accident. Remember, car insurance is all about risk assessment, and the more accidents you have, regardless of fault, the higher the probability is that you could be involved in another crash, according to the insurance industry. A [2021 survey by The Zebra](#) found that a no-fault accident increased annual auto insurance premiums by an average of \$67 in 2020.

I urge you to take a step back and consider the bigger picture here. Let's go back to the example above. Do you think Steve should be worried about a likely small annual increase in his insurance premium if it meant he was able to recover an extra \$20,000? The same goes for Steve's parents — do you think they would not want their son to receive the benefits of their policy even if it meant a modest premium increase? I generally advise my clients to take advantage of any insurance coverage they are already paying for. **If you don't take advantage of all of the coverage potentially available that you and your household family members are already paying for, you risk being undercompensated for your damages.**

Insurance can be confusing, and you should seek the guidance of an experienced attorney to understand [how various types of insurance coverage can work together after an auto accident.](#)

If you have been injured in a car accident that was caused by someone else's negligence, please give the Law Offices of James Scott Farrin a call at [1-866-900-7078.](tel:1-866-900-7078)

Our attorneys have more than 960 years of combined legal experience helping victims fight for their rights. We want our clients to obtain the highest possible compensation for the harms they have suffered, and we will provide you with a [free case evaluation.](#)

Tell them you mean business!

About the Author



Eric Haase practices personal injury law, focusing primarily on car accidents, in North Carolina for the Law Offices of James Scott Farrin. He has been admitted to practice before the Supreme Court of the United States in regards to various serious injury claims. Eric is a member of the North Carolina Bar Association, 16th Judicial District Bar Association, and the American Association for Justice. Eric literally wrote part of the book on personal injury, authoring a chapter in the North Carolina Personal Injury Liens Manual, 2nd Ed.

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