

How Much Is Your Personal Injury Claim Worth?

Here's how insurance companies determine the value of your personal injury claim.

Figuring out how much your accident injuries are worth is a critical aspect of any personal injury claim, and it's the part of a claim that is most difficult to determine; the amount varies depending on your very particular circumstances. Here is an overview of how insurance companies determine the value of a claim.

What an Insurance Company Must Compensate

To determine what your claim is worth, you must first know the types of damages for which you may be compensated. Usually, a person who is liable for an accident -- and therefore his or her liability insurance company -- must pay an injured person for:

- medical care and related expenses
- income lost because of the accident, because of time spent unable to work or undergoing treatment for injuries
- permanent physical disability or disfigurement
- loss of family, social, and educational experiences, including missed school or training, vacation or recreation, or a special event
- emotional damages, such as stress, embarrassment, depression, or strains on family relationships -- for example, the inability to take care of children, anxiety over the effects of an accident on an unborn child, or interference with sexual relations, and
- damaged property.

The Insurance Company's Damages Formula

When determining compensation, it is usually simple to add up the money spent and money lost, but there is no precise way to put a dollar figure on pain and suffering or on missed experiences and lost opportunities. That's where an insurance company's damages formula comes in.

At the beginning of claim negotiations, an insurance adjuster adds up the total medical expenses related to the injury. These expenses are referred to as "medical special damages" or simply "specials." That's the base figure the adjuster uses to figure out how much to pay the injured person for pain, suffering, and other nonmonetary losses, which are called "general" damages.

When the injuries are relatively minor, the adjuster multiplies the amount of special damages by 1.5 or 2. When the injuries are particularly painful, serious, or long-lasting, the adjuster multiplies the amount of special damages by up to 5. (The multiplier may be as great as 10 in extreme cases. For information on exactly how an adjuster determines the multiplier, see *How to Win Your Personal Injury Claim*, by attorney Joseph L. Matthews (Nolo).)

The adjuster then adds on any income lost as a result of the injuries.

That's all there is to the formula. However, this figure -- medical specials multiplied by a number between 1.5 and 5, then added to lost income -- is not a final compensation amount but only the number from which negotiations begin.

Percentage of Fault

The extent each person is at fault is the most important factor affecting how much the insurance company is likely to pay. The damages formula gives you a range of how much your injuries might be worth, but only after you figure in the question of fault do you know the actual compensation value of your claim -- that is, how much an insurance company will pay you.

Determining fault for an accident is not an exact science, but in most claims both you and the insurance adjuster will at least have a good idea whether the insured person was entirely at fault, or if you were a little at fault, or if you were a lot at fault. Whatever that rough percentage of your comparative fault might be -- 10%, 50%, 75% -- is the amount by which the damages formula total will be reduced to arrive at a final figure.

For an extensive discussion of determining the value of your claim -- along with many examples -- see *How to Win Your Personal Injury Claim*, by attorney Joseph L. Matthews (Nolo).

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