

Understanding Auto Insurance



Why Buy Auto Insurance?

You buy auto insurance to protect yourself, your family and your assets. Changes in the law regulating auto insurance were adopted by the Legislature in 2009. These changes, advocated by the Wisconsin Association for Justice, will increase the benefits available to policyholders and help ensure that you are able to access the coverage you pay for. This brochure explains the different types of insurance available and answers some common questions. We encourage you to educate yourself as a consumer, shop around and ask questions before making an insurance decision, as all insurance companies are not the same.



Must You Buy Auto Insurance?

Beginning June 1, 2010, Wisconsin will join 48 other states and require all automobile owners to carry insurance on each of their vehicles.

What Happens If I Don't Buy Auto Insurance?

You could face a fine of up to \$500. If you have an accident without insurance, your license can be suspended and you could be required to pay for damages and buy insurance before your license is reinstated.

Getting The "Right" Amount of Insurance: What is Required?

Beginning January 1, 2010 drivers will be required to carry minimum insurance coverage of \$50,000 for the injury or death of one person, \$100,000 for injury or death to two or more persons, and \$15,000 for property damage. Drivers will also be required to purchase uninsured motorist and underinsured motorist coverage in the amounts of \$100,000 per person and \$300,000 per accident.

Are the minimum amounts of coverage sufficient?

The minimum amount of coverage may not be sufficient to cover damages caused in an accident or to protect your assets. The "right" amount of insurance depends on the level of your personal assets which require protection. In most cases, you should buy the highest level of coverage you can comfortably afford. Compare premiums for different levels of coverage. Rates for higher levels are not that much greater than lower levels of coverage (the premium for \$100,000 of coverage is not double the premium for \$50,000).

We strongly recommend all persons carry liability insurance coverage at least in the amount of \$100,000/ \$300,000/ \$50,000. This means your liability insurance pays up to \$100,000 for injuries to one person, \$300,000 for all persons, and \$50,000 for property damage. Because serious injuries can result in high medical bills and other costs, you need adequate coverage. You could be held personally responsible for expenses in excess of your liability insurance coverage. If you have substantial assets, you should consider purchasing an umbrella policy to protect these assets.



How Can You Compare Rates and Companies?

With hundreds of companies selling auto insurance in Wisconsin it is important to compare automobile insurance rates. While all companies look at where you live, what kind of car you drive, your age and your driving record, they may assign different values to these factors. To obtain the most favorable rate, you should check rates offered by competing companies or consult with an independent agent who can do the

checking. Service as well as cost is a significant factor in purchasing insurance. Check with your friends and neighbors about their experiences with particular companies. Various insurance companies offer quotes online, so you can compare different companies.

Wisconsin's Office of the Commissioner of Insurance (OCI) publishes a "Consumer's Guide to Auto Insurance" which compares insurance rates for several different companies. It is available online at oci.wi.gov/pub_list/pi-057.pdf or request a copy by writing the OCI office at P.O. Box 7873, Madison, Wisconsin 53707-7873.

What If You Have a Problem With Your Insurance Company?

If you believe that your insurance company is not treating you fairly by denying you coverage after an accident we encourage you to contact an attorney who can review the specific details of your accident and policy. If you believe that your insurance company is raising your rates excessively we encourage you to shop around for better rates. If you wish to make a formal complaint relating to your insurance company or agent you may file a complaint with OCI online at oci.wi.gov or contact their office. The office keeps statistics on complaints made against insurance companies.

Continued on back.

Types of Auto Insurance Coverages Defined

Required Insurance

Liability Insurance: This coverage protects you for damages you cause to other persons through the use of your automobile. The other persons include both passengers in your car or persons in another vehicle involved in an accident with you. The insurance company promises to pay up to the amount stated in the policy for the other person's medical expenses, lost wages, pain and suffering and other losses. This is a fault-based coverage, that is, the coverage only applies if you are determined to be more at fault than the person who suffers the injury. Beginning January 1, 2010 the minimum amount of coverage required will be \$50,000 per person or \$100,000 per accident.

Property Damage Liability Insurance: This coverage operates on the same basis as the bodily injury liability insurance, but pays for damages to the other car or other property if you cause an accident. The insurance company promises to pay up to the amount stated in the policy for any damages to the property of others including cars, houses, or other physical property. It does not cover damage to your automobile and in most cases will not cover damages to someone else's car you are driving. Beginning on January 1, 2010 the minimum amount of coverage you must purchase will be \$15,000.

Underinsured Motorist Coverage (UIM): This coverage is personal and portable and protects you or others riding in your car or as a pedestrian for any bodily injury caused by a person who has insurance but not enough to cover all your medical bills and other expenses. UIM coverage is defined by comparing the negligent driver's liability insurance limit with the amount of damages (or injuries) actually sustained by the person injured. Beginning on November 1, 2009, the coverage will be mandatory in the amount of \$100,000 per person and \$300,000 per accident.

Uninsured Motorist Coverage: This coverage, included on all automobile liability policies sold in Wisconsin, provides coverage for you or others who are riding in your car for any bodily injury caused by a person who does not have insurance. This coverage is personal, which means it continues to cover you even if you are riding in someone else's car, riding a bike or walking. Beginning on November 1, 2009 the amount of coverage you must purchase is \$100,000 per person or \$300,000 per accident.

Optional Insurance Coverages

(Some of these coverages may be required by lending institutions if a loan is secured to pay for the vehicle)

Collision Insurance: This is an optional coverage that pays for damage to your car from an accident, no matter who caused the accident.

Comprehensive Insurance: This is an optional coverage that pays for damage to your car caused by fire, theft, vandalism, or other dangers.

Medical Payments Coverage: This is an optional coverage that pays you or others who are riding in your car for medical or funeral expenses, no matter who caused the accident. The minimum amount of coverage will rise to \$10,000 on November 1, 2009.

Umbrella Or Excess Insurance Policy: This provides additional insurance protection above the limits of your first level of insurance coverage. Beginning after November 1, 2009, insurance companies must offer to sell you additional uninsured and underinsured motorist coverage. If you do not want the coverage, you must reject the offer of coverage in writing.



44 East Mifflin Street, Suite 402, Madison, WI 53703
tel: (608) 257-5741 • fax: (608) 255-9285 • email: info@wisjustice.org

Provided by:

The Wisconsin Association for Justice provides this document as a public service to the insurance consumers of Wisconsin. It is intended to alert consumers of the important changes that will occur with your automobile insurance policy beginning in November 2009. This document does not provide legal advice; always speak to a lawyer if you have a legal question or if you have been hurt in an accident. The members of the Wisconsin Association for Justice are determined to do everything in their power to advance the law, educate consumers about their rights, and assist injured people. This document represents an effort in that direction.