

## Types of Auto Insurance Coverages Required Coverages

**Liability Insurance:** This coverage protects you for damages you cause to other persons through the use of your automobile, and covers passengers in your car, persons in the other vehicle, or pedestrians you may injure. The insurance company promises to pay up to your limit for the other person's medical expenses, lost wages, pain and suffering and other losses. Without adequate coverage you could be held personally responsible for damages above your insurance limits. *You should buy a policy that pays at least \$100,000 for injuries to one person, \$300,000 for all persons.*



**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 such as houses, light poles, signs and the like if you cause an accident. It does not cover damage to your automobile and in most cases will not cover damages to someone else's car you are driving. *You should obtain a minimum amount of coverage of \$50,000.*

**Uninsured Motorist Coverage:** This coverage, included on all automobile liability policies sold in Wisconsin, provides coverage for you, those riding in your car or you as a pedestrian for any bodily injury caused by a person who does not have insurance. *You should buy coverage of at least \$100,000 per person or \$300,000 per occurrence.*

### Optional Coverages

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

**Collision Insurance:** Pays for damage to your car from an accident, no matter who caused the accident.

**Comprehensive Insurance:** Pays for damage to your car caused by fire, theft, vandalism, or other dangers.

**Medical Payments Coverage:** Pays you or others who are riding in your car for medical or funeral expenses, no matter who caused the accident. Med Pay can be used to cover co-pays or deductibles as well as non-covered medical services – ambulance service and dental or chiropractic care. With the rising cost of health insurance, buying medical payments coverage is an inexpensive way to help pay your medical bills if you are in an automobile accident. *You should obtain at least \$10,000 in coverage.*

**Underinsured Motorist Coverage (UIM):** Protects you, those riding in your car or you as a pedestrian for any bodily injury caused by a person who has some insurance, but not enough to cover all of your medical bills and other expenses. With the low levels of liability coverage mandated in Wisconsin, there is a much higher risk you will be involved with a driver who may not have adequate insurance. *You should obtain this coverage at least in the amounts of \$100,000 per person or \$300,000 per occurrence.*

**Umbrella Or Excess Insurance Policy:** This provides additional insurance protection above the limits of your first level of insurance coverage (your regular auto policy). It is commonly an add-on to your homeowners or renters policy.

### Electronic Version

An electronic version of this auto brochure is online at [www.wcjef.org](http://www.wcjef.org)

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**The Wisconsin Civil Justice Education Foundation, Inc.** provides this document as a public service to the insurance consumers of Wisconsin. It is intended to alert consumers to the important changes that will occur with your automobile insurance policy beginning in November 2011. 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 WCJEF is 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.

# Understanding Auto Insurance



## Must I Buy Auto Insurance in Wisconsin?

Yes. Wisconsin requires all motor vehicle owners to carry insurance on each of their vehicles.

## Why Should I Buy Auto Insurance?

You buy auto insurance to protect yourself, your family and your assets in case of an accident – whether you or another driver is at fault.

## What Happens if I Don't Buy Auto Insurance?

You will be liable for any damages and injuries you caused in an accident. In addition, you could face a fine of up to \$500. If you have an accident without insurance, your driver's license can be suspended and you must pay for the damages you caused and buy insurance before your license is reinstated.

## Amount of Insurance: What is Required?

Wisconsin requires the following minimum amount of insurance coverage:

Type of Insurance	Minimum Insurance Limits for Policies issued or renewed after November 1, 2011
Liability	\$25,000 per person or \$50,000 per occurrence
Property	\$10,000
Uninsured Motorist (UM)	\$25,000 per person or \$50,000 per occurrence
Underinsured Motorist (UIM) (Optional coverage)	\$50,000 per person or \$100,000 per occurrence
Medical Payments (Optional coverage)	\$1,000

## Are the Minimum Amounts of Coverage Sufficient to Cover Me if I Am in an Accident?

The new minimum levels of insurance are not enough for many accidents. The costs of an accident can vary greatly, but add up quickly when you consider ambulance fees, emergency room visit, hospitalization, physical therapy and lost wages. You should discuss an appropriate insurance level with your insurance agent, and buy the level of insurance you can comfortably afford to protect your assets and protect your family if you sustain serious injuries in an automobile accident. This means purchasing liability, property, uninsured, underinsured and medical payment coverages. If you have substantial assets, consider purchasing an umbrella policy to protect them.

## How Can I Make Sure I Am Adequately Protected?

Meet with your insurance agent in person, asking for the specific coverage you need, and get an agreement for that needed coverage in writing. When you do this, insurance agents must get you the coverage you requested. If an agent does not do this, the agent may be responsible to you if you do not receive the coverage you requested and needed. Below are some suggested questions for insurance agents:

**How does the insurance company define underinsured motorist (UIM) coverage?** After November 1, 2011, each insurance company can create its own definition of what is considered an underinsured motor vehicle. You should make sure UIM coverage will be available if you have a serious accident and the other driver does not have adequate coverage. Ask for a policy that provides coverage for your damages and is not a comparison of your UIM coverage with the liability insurance of the other driver.

## Does my insurance policy include reducing clauses?

A reducing clause allows the insurance companies to reduce the amount of money available under your uninsured (UM) and underinsured (UIM) motorist policies by payments from the other driver's insurance company, workers compensation benefits or even disability payments. Ask your agent if you can buy a policy without them.

**Does my insurance policy allow stacking of UM/UIM and medical payment policies?** Stacking allows families with more than one vehicle and with UM/UIM and medical payments coverage on each vehicle to recover on each policy they pay for, if the injuries suffered require the additional coverage. Ask your agent if your policy allows for stacking.

**Does my insurance company offer UM/UIM coverage on an umbrella policy?** Insurance companies no longer have to offer UM/UIM coverage on an umbrella policy. Ask your agent if it is available. It can provide additional protection if injured in a serious accident by an uninsured or underinsured driver.

## How Can I Compare Rates and Coverages?

With hundreds of insurance companies selling auto insurance in Wisconsin, be sure to compare automobile insurance rates and coverages. While all companies consider 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 best rate, various insurance companies offer quotes online to compare companies and their rates. Otherwise, consult with an independent agent who can do the checking for you.

Remember, rates for more coverage are not that much more expensive than for less coverage, i.e., the premium for \$100,000 of coverage is not double the premium for \$50,000. Also, service and cost are significant factors in purchasing

insurance. Check with friends and neighbors about their experiences with particular companies. It is important to meet with an agent before purchasing any insurance coverage.



## What if I Have a Problem with My 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 wish to make a formal complaint relating to your insurance company or agent, you may file a complaint with the Wisconsin Office of the Commissioner of Insurance (OCI) online at [oci.wi.gov](http://oci.wi.gov) or contact that office at (800) 236-8517. OCI keeps statistics on complaints made against insurance companies.

### Phantom Vehicle Warning Important Warning for Wisconsin Drivers

If you are run off the road or suffer an injury from a vehicle that makes no contact with you or your vehicle (a phantom vehicle), the law now requires several things:

- You must have a witness who can corroborate what happened. The witness cannot have a claim as a result of the accident.
- Within 72 hours of the accident, an accident report must be made to law enforcement of the appropriate agency.
- Within 30 days, you must file a report with your insurance company *under oath* setting forth the facts of the case.

If a person fails to do any of these things, insurance coverage can be denied.