

Understanding the Changes to Automobile Insurance



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With the passage of the state budget a number of changes have been made to the way auto insurance works in Wisconsin. These changes will largely make insurance work better for consumers and help ensure that consumers get what they pay for. This document will help answer some of the most common questions surrounding these changes.

What changed?

Issue	Old Law	New Law	Effective Date
Mandatory Insurance	One of two states in the U.S. that does not require all drivers to carry insurance	All drivers will be required to carry auto insurance	June 1, 2010
Reducing Clauses	Companies allowed to reduce your UM/UIM coverages to reflect the insurance carried by the other driver - resulting in consumers not being able to access all of the coverage they think they have purchased	Does not allow reducing clauses. Consumers will be able to access all the UM/UIM coverage they purchase.	Policies issued or renewed after Nov 1, 2009
Stacking	Consumers who own more than one policy are not allowed to access the coverages from the additional policies to pay for damages	Consumers will be able to access the additional coverages from up to three UM/UIM or Medical Payment policies to pay for damages they have received in an accident	Policies issued or renewed after Nov 1, 2009
Minimum Liability Insurance Limits	Set in 1982 the limits were \$25,000 (one person)/\$50,000 (single occurrence)/ \$10,000 (property)	Minimum limits are increased to \$50,000/\$100,000/\$15,000	Policies issued or renewed after Jan 1, 2010
Hit and Run Coverage	Companies can deny claims where no physical contact occurred, even if there are witnesses to the event	UM Coverage would be required to cover hit and run accidents even if no physical contact occurred if there is an evidence by an independent third party to the event	Policies issued or renewed after Nov 1, 2009
Umbrella Policies and UM/UIM	Companies were obligated to offer UM/UIM policies when umbrella policies are written, but not required to document consumers response to the offer leading to many cases of denied coverage based on false recollection	Companies must still offer UM/UIM coverage as a part of umbrella policies, but consumers refusing the coverage must do so in writing to avoid any misunderstandings	Policies issued or renewed after Nov 1, 2009
Common Definition of UIM Coverage	Each company can create its own rules to define what is considered an underinsured driver creating a confusing situation for consumers	The new common definition would require all companies to define UIM coverage by comparing the negligent driver's liability limit with the amount of damages actually sustained by the policyholder.	Policies issued or renewed after Nov 1, 2009

Other provisions effective on policies issued or renewed after November 1, 2009:

Auto Insurance Costs - What should consumers expect?

Auto insurance rates can vary greatly from company to company based on a variety of factors - where you live, how much you drive, your age, the age of your vehicle, how many drivers in your family, your driving record and how much insurance you purchase. Given the fact that the minimum amount of insurance consumers must purchase will increase - \$50,000 per person, \$100,000 per accident, \$15,000 for property damages, \$10,000 medical payments, \$100,000 uninsured motorist and \$100,000 underinsured motorist coverages - questions are being raised about higher insurance costs. Our advice is to shop around. Automobile insurance is a very competitive market, as one can tell with all the major insurance companies advertising their low premiums - Progressive, Geico, State Farm and Allstate

In February 2009, a sampling of a number of insurance companies showed only a modest premium increase if the consumer had elected to take an even greater level of coverage than will be required when the new minimum levels take effect on January 1, 2010. These real quotes highlight the modest premium increase for an additional 400% increase in coverage.

Here are some important considerations to keep in mind when considering policy changes and how they relate to rates for consumers:

- It is estimated that about 20% of auto insurance policyholders carry the current minimum level of insurance.
- These minimum levels of coverage have not been increased for more than 25 years; they no longer reflect the reality of increased medical costs that have occurred over that time.
- Low policy limits force those injured by others' actions, their healthcare providers, and often the taxpayers to make up the difference between the liability policy coverage and actual costs, rather than holding the party responsible for the losses and damages accountable.
- Rates in Wisconsin have always been reasonable due to the very competitive insurance marketplace in Wisconsin. These same competitive factors will likely limit any increases even further.
- Insure.com's recent national survey on car insurance rates has the Badger state ranked as the fourth cheapest in the nation. Wisconsin's average premium is \$1,010.93. The three states with cheaper rates than Wisconsin are Ohio, Vermont and Maine.
- Wisconsin's affordable auto insurance is further proof that the Truth in Automobile Insurance provisions in the state budget has truly been a benefit to consumers. There have been numerous attempts lately to remove or change the provisions based on wildly untrue notions that premiums and rates would sky rocket due to these provisions.
- Additionally, the Office of the Commissioner of Insurance collects rates from a variety of insurance companies, including some at the \$50,000/\$100,000 level of coverage that will become the new minimum coverage levels for policies issued and renewed after

January 1, 2010. These rates are available for your review at http://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

- If your rates seem to have gone up too much, shop around. With hundreds of companies providing auto insurance in Wisconsin you can probably do better if your company is not treating you well.
- UM will be a required mandatory coverage.
- UM/UIM Minimum coverage limits of \$100,000/\$300,000.
- The minimum coverage for Medical Payments Coverage is increased from \$1,000 to \$10,000 per person.
- Makes the remedy for not offering UM/UIM coverage in an umbrella policy a reformation of the policy to the same limits as the liability coverage limits under the policy.
- Prohibits a health insurance plan from not providing coverage on the basis there is coverage under a liability insurance policy.

Medical Record Provisions

- Statutory Limits on Medical Record Copying: Sets the rates in the statute.
 - ▶ For paper copies, 35 cents per page.
 - ▶ For microfiche or microfilm copies, \$1.25 per page.
 - ▶ For a print of an X-ray, \$10 per image.
 - ▶ For certification of copies, \$5.
 - ▶ For processing and handling, a single \$15 charge for all copies requested.
 - ▶ Actual shipping costs.
- If a patient is requesting his or her own medical records, there is no processing or handling fee. In addition, if your client is medically indigent, they are entitled to one free copy of their medical records.
- Under Wis. Stat. 908.03 (6m) the definition of healthcare providers was broadened to include all healthcare providers under 146.81(1) and the billing statements and invoices are presumed to state the reasonable value of health care services provided and are presumed reasonable and necessary to the care of the patient.