

## **IMPORTANT INSURANCE LAW CHANGES**

### **State Budget Bill Mandates Insurance Changes**

Summary Of Changes To Wisconsin's Automobile Insurance Requirements in 2009 Wisconsin State Budget

The recently passed 2009-2011 Wisconsin State Budget include several changes that affect the way that insurance can be provided in the State of Wisconsin. The following is a partial summary of the changes in law:

Auto insurance will be required in the state of Wisconsin starting June 1, 2010.

Wisconsin drivers will be required to carry with them proof - probably a card or letter issued by an insurer - that they have auto insurance starting June 1, 2010.

If a driver is stopped on suspicion of a traffic violation, the police officer can ask for proof of insurance. The officer can issue a \$10 ticket to those who have insurance but don't have proof with them. Those who don't have insurance can be fined up to \$500.

Medical Payments Coverage can only be issued with a minimum limit of insurance of \$10,000 per person. Applicants and insured may still reject medical payments coverage.

Uninsured Motorist Coverage minimum limits of insurance have increased to \$100,000 per person, and \$300,000 per accident.

Underinsured motorist coverage, which is now optional, will be required for state drivers or renewed policies starting Nov. 1, 2009. This coverage must be offered with a minimum limit of insurance of \$100,000 Per Person, and \$300,000 Per Accident.. This coverage may not be rejected.

Minimum Limits of Insurance for Bodily Injury and Property Damage Liability: Motorists will need to have an insurance policy providing liability limits of at least \$50,000 in bodily injury coverage for one person, \$100,000 in bodily injury coverage per accident and \$15,000 to cover property damage. The current limits are \$25,000, \$50,000 and \$10,000, respectively. The higher limits go into effect Jan. 1, 2010.

"Stacking" of motor vehicle policies (combining coverage limits for multiple vehicles to determine the limit of insurance coverage available for bodily injury or death suffered by a person in any one accident) to determine liability amounts is now allowed in Wisconsin. Prior to the budget's enactment, the stacking of vehicle policies to determine liability limits was not allowed. The budget language limits "stacking" to three vehicles owned by the insured. Please note that there is no guidance on which three vehicle policies can be stacked. This provision also appears to apply to commercial vehicle policies as well.

Prohibition of assignment to High Risk Insurance for Insureds with No Prior Insurance: Law prohibits an insurer from placing an insured in a high-risk category because the insured previously had no motor vehicle insurance.

Umbrella Policies Insurers that provide umbrella or excess liability coverage that insure, with respect to a motor vehicle, against loss resulting from liability imposed by law for bodily injury or death of a person arising out of the ownership, maintenance or use of a motor vehicle must provide written offers of uninsured and underinsured motorist coverage as follows

- a. Each application for an umbrella or excess liability policy issued on or after the effective of this requirement shall contain a written offer of uninsured and underinsured.
- b. For umbrella or excess liability policies that are in effect on the effective date of this requirement, the insurers must, at the time of first renewal, provide a written offer of uninsured motorist coverage to the named insureds under each policy that does not include uninsured motorist coverage and a written offer of underinsured motorist coverage to the named insureds under each policy that does not include underinsured motorist coverage.
- c. The offers may be rejected by the insureds or applicants. The insurer is not required to make such offers in subsequent renewal notices.
- d. If an umbrella or excess liability policy in effect on the date of enactment or issued on or after the date of enactment does not provide for either uninsured or underinsured motorist coverage and the insurer failed to provide the written offer for coverage, then, on the request of the insured, a court shall reform the policy to include these coverage with the same limits as the liability coverage limits under the policy.

For more specific information regarding the changes please follow this link to a bulletin released by the State of Wisconsin Office of the Commissioner of Insurance:

<http://oci.wi.gov/bulletin/0709act28.htm>