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Topic for the Quarter:

Protection from Uninsured and Underinsured Motor Vehicles

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Legal Solutions That Fit.

Many motor vehicles in Wisconsin are **uninsured**. For whatever reason, the drivers of those vehicles are either unwilling or unable to purchase liability insurance coverage. While most motor vehicles are insured, there is no guarantee that the owner of a vehicle purchased adequate liability coverage. A vehicle with inadequate coverage is an **underinsured** vehicle. There are three insurance options available to protect yourself from uninsured and underinsured motor vehicles.

Uninsured Motorist (UM) Coverage: Under Wisconsin law, every insurance policy sold in Wisconsin must include protection against accidents caused by uninsured motorists. This protection is called **uninsured motorist (UM)** coverage. The minimum allowable amount of UM coverage is \$25,000 per person. The maximum amount of UM is tied to the amount of your liability limits. UM coverage is important as it provides the only protection for you when involved in an accident with an uninsured motor vehicle. To protect yourself from uninsured drivers, you need to purchase as much UM coverage as possible.

Underinsured Motorist (UIM) Coverage: This coverage protects you where the other vehicle has inadequate liability coverage. Unlike UM coverage, which is mandatory, UIM is an optional coverage. The amount of UIM coverage (i.e. \$100,000 per person) is rarely the amount of coverage which will ever be paid out. This is due to several factors. First, the definition of an "underinsured motor vehicle" can exclude coverage in many situations. Most UIM policies define an "underinsured motor vehicle" as one with liability limits LESS than the limits of your UIM coverage. If the liability limits of the other vehicle are the same or more than your UIM limits, you do not have a UIM claim. This is true, despite the fact that you paid a premium for UIM coverage. Second, even if the other vehicle is underinsured, most policies have **reducing clauses**. These clauses allow the UIM insurer to reduce the amount of UIM coverage by the amount of payments received from other insurance sources.

These examples may help to explain how UIM coverage works. Let's assume that you purchased \$100,000 in UIM coverage. You were involved in an accident with a vehicle carrying \$100,000 in liability coverage. You sustained serious injuries, with damages of \$300,000. Since your UIM limits are equal to and not less than the limits of the underinsured vehicle, there is no UIM coverage. The most you could recover would be \$100,000 from the insurer of the other vehicle. Now, let's assume you had purchased \$300,000 in UIM coverage. The other vehicle, by definition, is underinsured, with liability limits less than your UIM limits. In this situation, there would be

\$100,000 available from the underinsured motor vehicle and \$200,000 available from your UIM policy, for a total of \$300,000.

Personal Liability Umbrella Policy: Another way to add a layer of protection, over and above the basic policy limits, is to purchase what is known as an **umbrella** policy. This policy provides liability protection to you, in the event you cause an accident. Umbrella protection can be purchased for up to \$1 million, or more. Some umbrella policies also include UM and UIM coverage up to the umbrella's limits. If your umbrella policy does not provide the UM/UIM coverage, you may need to purchase an endorsement to get this coverage. The cost of a typical umbrella policy ranges from \$150 – 200 per year. If you can afford this additional coverage, you should purchase it. Having an umbrella policy with UM and UIM protection will give you added peace of mind.

Talk to Your Agent: With all of the uncertainty in this world, you need to protect yourself from uninsured and underinsured motor vehicles. The **ONLY** way to do this is to purchase as much UM and UIM coverage as you can afford. The cost of UM and UIM coverage is less than you may think. Ask your insurance agent for a quote to compare various levels of UM and UIM coverage as well as umbrella coverage. If you already have an umbrella policy, ask your agent to confirm whether or not it includes UM and UIM protection. If it does not, find out what an endorsement will cost to add that added layer of protection.



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Ask Questions: The case law regarding UM and UIM coverage is constantly in flux. The facts of each accident must be considered in assessing whether or not there is UM or UIM coverage available. If you have a situation where you may have a UM or UIM claim, you should consult with an attorney. You need to know your rights. Our firm takes pride in educating and advising consumers as to their legal rights. Feel free to call attorneys Steven Hitzeman or Robert Janssen. As always, the initial consultation is free.