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Topic for the Month

New Auto Insurance Law

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WISCONSIN'S NEW AUTO INSURANCE LAW BENEFITS CONSUMERS

In June 2009, Governor Jim Doyle signed a Wisconsin budget bill that will bring sweeping changes to Wisconsin's automobile insurance law. Many of our clients are unaware that these changes will directly impact coverage they have on their vehicles. The new law brought logic and fairness to insurance policies that were often considered illogical and at times contradictory. The new law also has substantial protections for Wisconsin consumers, and provides tremendous assistance to the injured.

Minimum insurance liability coverage changes: First, what is liability coverage? If you, or another covered driver, are legally responsible for another person's injury or death, or cause damage to someone's property in an auto accident, liability coverage helps pay the costs associated with those losses. Both bodily injury liability coverage and property damage liability coverage are mandatory under the state law. The minimum insurance liability coverage requirement for an accident increases to \$50,000 for injury or death of one person (up from \$25,000); \$100,000 for injury or death of two or more persons (up from \$50,000); and \$15,000 for property damage (up from \$10,000). [Effective January 1, 2010.] The current minimum coverage levels have been on the books for over two decades and were clearly not sufficient to cover the cost of injuries in today's healthcare market.

Medical expense coverage: What is medical expense coverage? Medical expense coverage pays for reasonable and necessary medical expenses due to accident-related bodily injury, regardless of who is at fault. Medical expense coverage is not required, but optional. Under the new legislation the minimum amount of medical expense coverage available is increasing from \$1,000 to \$10,000.

Reducing clauses are outlawed: Let's quickly define uninsured and underinsured motorist coverage. Uninsured motorist coverage is used when you or anyone riding in your vehicle is injured or killed in an accident by an at-fault uninsured vehicle, or if the driver at fault is never identified (hit & run). Your injuries are covered up to the limits you choose. Underinsured motorist coverage pays for damage for bodily injury to an insured person who is legally entitled to collect damages from an owner or operator of a vehicle with limits of liability insurance coverage that are less than the amount needed to fully compensate them. I would frequently ask a client how much underinsured coverage they had. My client would reply \$100,000 dollars. I would say, "no, you don't." My

client would say, "yes, I do." I would say no you don't because your insurance policy states that whatever is paid by the opposing driver reduces your limit dollar for dollar. Thus, while my client would pay for \$100,000 in coverage, they would never ever receive underinsured coverage for that amount. The new law prevents insurance companies from inserting these clauses known as "reducing clauses." Now, when you pay a premium for \$100,000 of underinsured coverage, you will get what you pay for.

Anti-stacking provisions are prohibited: What is stacking? Stacking means that you add your limits for a coverage for the vehicles that you are insuring. You can stack medical expense coverage up to three vehicles, but only when you are injured as a pedestrian. For example, if you have three vehicles and have medical expense coverage of \$10,000 on each vehicle and you are injured as a pedestrian, you have \$30,000 of medical expense coverage available. Both uninsured motorist and underinsured motorist coverage are mandatory and you can stack coverage for up to three vehicles under the new bill.

The physical "hit" requirement was eliminated: While not common, there have been instances where our clients have swerved to avoid an accident only to have the other driver speed away from the scene. While injuries and property damage may have resulted, our clients were unable to seek protection under their uninsured provision of their auto policy. Insurance companies have, in the past, required that there be physical contact with another vehicle for such coverage to apply. Thus, while you may have avoided a head on collision, there would be no coverage for you if there was no contact with the other vehicle. The new law will allow coverage under the uninsured portion of your auto policy, so long as there is independent third party verification.

There are additional provisions in the new law that can be easily reviewed on our website www.stellpfluglaw.com; click on the client resources tab on the left and click on Truth in Auto Insurance - Summary. We welcome any questions about your auto insurance policy or how it relates to a claim or injury. Feel free to call Attorneys Robert Janssen, Tim Hawley or Terry Bouressa for a free consultation.