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Auto Insurance Changes in Wisconsin: What You Need to Know

By Anique N. Ruiz, Esq.

On April 12, 2011, Wisconsin Governor Scott Walker signed 2011 Wisconsin Act 14. In effect, 2011 Wisconsin Act 14 rolls back the minimum automobile insurance coverage limits to pre-2010 levels, prevents policy holders with more than one automobile from stacking policies, and allows reducing clauses in insurance policies.

Act 14 takes effect on November 1, 2011, and applies to policies that are new or renewed on or after the effective date.

The following is a brief synopsis of modifications made under the new legislative reforms.

Coverage Limits:

- Maintains the requirement that every motor vehicle operated in Wisconsin be covered by an insurance policy. Wis. Stat. §121.555(2)(a).
- Reduces the minimum mandatory liability coverage from \$50,000 to \$25,000 for each person, from \$100,000 to \$50,000 for each accident, and from \$15,000 to \$10,000 for property damage. It also repeals the mechanism for the Wisconsin Department of Transportation to index the limits to inflation. Wis.



Anique N. Ruiz, Esq.

(414) 277-8500

Anique_Ruiz@gshllp.com

Stat. §121.555(2)(a).

- Reduces the minimum uninsured coverage from \$100,000 to \$25,000 per person and from \$300,000 to \$50,000 per accident. It also reduces the minimum medical payments coverage from \$10,000 to \$1,000 per person. Wis. Stat. §§632.32(4)(a)(1); 632.32(4)(a)(3m).
- Revises the definition of an "uninsured motor vehicle" to include a "phantom vehicle" that may cause an accident without physical contact between the vehicles. Proof of an accident with a phantom vehicle requires corroboration by a witness other than the insured, and requires timely notice of the accident to police and the insurer. Wis. Stat. §632.32(2)(g).

Underinsured Motorist Coverage:

- Underinsured motorist coverage is no longer mandatory. Wis. Stat. §632.32(4).
- If underinsured motorist coverage is not included in the policy, a written notice of its availability must be provided to the insured. The notice is required only one time, in conjunction with delivery of the policy. Wis. Stat. §632.32(4m)(a).
- Rejection or acceptance of the underinsured motorist coverage does not need to be in writing. Absence of premium payments is proof of rejection of the coverage. Wis. Stat. §632.32(4m)(b).
- If an insured does accept underinsured motorist coverage, the coverage limits must be at least \$50,000 per person and \$100,000 per accident. Wis. Stat. §632.32(4m)(d).
 - **NOTE:** The definition of underinsured motorist coverage is repealed and left undefined in the statutes, to be determined by each individual insurance policy.

Stacking and Reducing Clauses:

- Allows an insurance policy to include anti-stacking clauses, and clarifies that an insurance policy may limit, restrict, reduce, or exclude coverage for a vehicle for which the person is not insured. Wis. Stat. §§632.32(5)(a)-(f).
- Provides that for a person who was not using a motor vehicle at the time of an accident (e.g. a pedestrian struck by a vehicle), coverage is the highest single limit of uninsured, underinsured, or medical payments coverage, whichever is applicable, for any motor vehicle for which the person is insured. Wis. Stat. §632.32(5)(g).
- Allows an insurance policy to reduce limits by the amount of payments made by a third party with legal responsibility for payments, such as the at-fault driver's insurance policy, worker's compensation, or disability benefits. Wis. Stat. §632.32(5)(i).

Miscellaneous Provisions:

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- Repeals the prohibition against allowing an insurer to place an applicant who has not previously had motor vehicle insurance in a high-risk category for assessing risk.
- Requires an insurance policy for a human service vehicle used to transport elderly and disabled persons to include property damage coverage of at least \$10,000 and bodily injury liability coverage of at least \$75,000 per person. Wis. Stat. §344.55(1).
- Exempts a commercial liability, umbrella, or excess liability policy from the requirements for minimum uninsured and medical payments coverage, and from the mandatory offer of an uninsured and underinsured policy. Wis. Stat. §632.32(4m)(e).

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