

DO YOU UNDERSTAND YOUR CAR INSURANCE POLICY?

- ◆ **Must I buy automobile insurance?**
- ◆ **What coverages are available and how much coverage should I buy?**
- ◆ **May I stack coverages?**

If you do not know the answers to these questions, you are not alone. Most people rely upon their insurance agent to make sure that their insurance needs are being met. Unfortunately, many insurance agents, in trying to make a sale, recommend the cheapest possible policy, without fully understanding the needs of their clients. It's not until after a loss occurs, and the injured parties attempt to make a claim, that they realize the insurance coverage they have purchased is inadequate. Because automobile insurance policies are "occurrence policies," the coverage in force at the time of the accident is the coverage that is available to cover a loss. In other words, by the time the loss occurs, it is too late to change the policy for that loss. However, by taking a proactive role in understanding your car insurance policy, you can avoid such unfortunate situations.

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WISCONSIN CAR INSURANCE POLICIES



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Must I have insurance?

Yes. Wisconsin law requires that all drivers insure their vehicles. As of November 1, 2009, underinsured and uninsured motorist coverage is mandatory in the State of Wisconsin. In addition, as of June 1, 2010, minimum bodily injury liability coverage and property damage liability coverage is also mandatory in Wisconsin. All drivers must have proof of their minimum liability insurance with them when driving.

What coverages are available?

Bodily Injury Liability Coverage

(Mandatory): Bodily injury liability coverage is for bodily injury caused by an insured to another. The mandatory minimum limits required by state law are \$50,000 per person and \$100,000 per accident (frequently listed as 50/100 on insurance cards and policies.) This “split limit” format means that any one person may collect up to \$50,000 in insurance for his or her bodily injury claim but that the insurance company will pay no more than \$100,000 for any one incident, no matter how many people are injured.

Property Damage Coverage (Mandatory):

Property damage coverage is for damage caused by an insured to another’s property. The minimum limit required by state law is \$15,000 per incident. When considering the high cost of automobile repairs, this amount of money may not go very far.

Collision Coverage:

Collision coverage covers damage to your car from an accident, no matter who caused the accident. Most policies include a deductible amount on this coverage--an amount that you must pay before the insurance company will begin to pay.

Comprehensive Coverage: Comprehensive coverage covers damage to your car caused by fire, theft, vandalism or other similar dangers.

Medical Payments Coverage: Medical payments coverage pays you (or, in most circumstances, others who are riding in your car) for medical or funeral expenses. This coverage is generally afforded no matter who caused the accident. Medical payments coverage is not required by state law, however, anyone who elects this coverage must have \$10,000 in coverage.

Uninsured and Underinsured Motorist

Coverages (Mandatory): Underinsured motorist coverage (UIM) is for bodily injury caused to an insured by a person who has *insufficient* insurance coverage. Uninsured motorist coverage (UM) is for bodily injury caused to an insured by a person who has *no* insurance. The minimum required limit for uninsured motorist coverage is \$100,000 per person and \$300,000 per accident. Underinsured motorist coverage must be offered by an insurance agent in the minimum amount of \$100,000. Both coverages are personal, which means they cover you even if you are riding in someone else’s car, riding a bicycle or walking. Because this coverage affords benefits directly to the insured, it is wise to carry more than the minimum amount.

Umbrella Policy:

An umbrella policy provides additional insurance protection beyond the limits of your first level of insurance coverage (typically your automobile insurance coverage). In addition, as of November 1, 2009, insurers are required to provide *written* offers of uninsured and underinsured coverage.

How Much Insurance Should I Buy?

The amount of coverage you need will depend upon the level of your personal assets, the amount of coverage you can afford and your personal comfort level. In today’s economy, the minimum amount of insurance coverage may not be enough to cover a loss. Injuries from a serious car accident could easily result in medical expenses in excess of \$25,000.

In general, you should purchase the highest amount of coverage that you can afford. In most cases, rates for higher levels are not proportionately higher than rates for lower levels of coverage. For example, the premium for \$100,000 in coverage is not double the premium for \$50,000. When purchasing insurance, fully advise your insurance agent about your financial circumstances so that he or she can recommend the proper amount of coverage. Finally, don’t forget to compare rates among companies to ensure that you are getting the best value for your dollar.

May I Stack UM/UIM Coverages?

Effective January 1, 2010, a person *may* stack, or add together, up to three UM/UIM insurance policies from the same company if the policy on a vehicle involved in an accident does not completely cover the damages from the single accident. For example, if a person carried \$50,000 of uninsured motorist coverage on each of three vehicles, the total amount of coverage available to that person, would be \$150,000. If an accident resulted in \$130,000 in damages, the first two \$50,000 policies plus \$30,000 of the third may be utilized to cover the total damages.