



Enacted Law Bulletin

July 1, 2009

State: Wisconsin
Topic: Budget Bill Enacts Auto Provisions
Impact: Auto – All
Effective Date: Multiple effective dates
Bill Number: A-75
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Executive Summary

The budget bill, A-75, was approved on June 29, 2009. The bill includes numerous provisions affecting automobile insurance, including provisions regarding proof of financial responsibility and UM/UIM coverage.

Significant Provisions

Below is a summary of the provisions of the budget bill enacted that concern automobile insurance.

Proof of Financial Responsibility (effective 11/1/09)

Section 2962t of the bill adds a new subsection at WI Stat. section 344.01 (2) (am) that provides minimum liability limits for motor vehicle policies of liability insurance. The minimum limits as of January 1, 2010 will be 50/100/15. Currently, it is 25/50/10.

Compulsory Auto Insurance (effective 6/1/10)

Section 2967r of the bill enacts Subchapter VI of Chapter 344 of the Statutes. This subchapter enacts mandatory motor vehicle liability insurance provisions and requires proof of insurance to be in possession of a person operating a motor vehicle. The policy must meet the minimum requirements for proof of financial responsibility. The subchapter provides exceptions to the motor vehicle liability insurance requirement and also provides penalties for violations.

Five Year Indexing of Liability Limits (effective 11/1/09)

Section 2963r of the bill enacts WI Stat. section 344.11. This section requires the department, in five year intervals after January 1, 2012, to adjust the monetary amounts of the motor vehicle liability limits based on the consumer price index. Beginning in January of 2017 and at five year intervals thereafter, the department shall publish the adjusted liability limit amounts in the Wisconsin Administrative Register.

Mandatory UIM Coverage (effective 11/1/09)

Beginning with Section 3152 of the bill, WI Stat. section 632.32 is amended regarding underinsured motor vehicle coverage. "Underinsured motor vehicle" is defined as a motor vehicle to which all of the following apply: 1) The motor vehicle is involved in an accident with a person who has underinsured motorist coverage; 2) A bodily injury liability insurance policy applies to the motor vehicle at the time of the accident; 3) The limits under the bodily injury liability insurance policy are less than the amount needed to fully compensate the insured for his or her damages.

“Uninsured motor vehicle” is defined as a motor vehicle that is involved in an accident with a person who has uninsured motorist coverage and with respect to which, at the time of the accident, a bodily injury liability insurance policy is not in effect and the owner or operator has not furnished proof of financial responsibility for the future under subchapter III of chapter 344. “Uninsured motor vehicle” also includes any of the following motor vehicles involved in an accident with a person who has uninsured motorist coverage: 1) An insured motor vehicle if before or after the accident the liability insurer of the motor vehicle is declared insolvent by a court of competent jurisdiction; 2) Except as provided in subdivision 3, an unidentified motor vehicle, provided that an independent third party provides evidence in support of the unidentified motor vehicle’s involvement in the accident; 3) An unidentified motor vehicle involved in a hit-and-run accident with the person.

Subdivision 4 of this section makes underinsured motorist coverage mandatory in addition to uninsured motorist and medical payments coverages. Underinsured motorist coverage is required in limits of at least \$100,000 per person and \$300,000 per accident.

Required uninsured motorist coverage is increased from at least \$25,000 per person and \$50,000 per accident to at least \$100,000 per person and \$300,000 per accident.

Minimum Medical Payments (effective 11/1/09)

Section 3164 of the bill amends WI Stat. section 632.32 to increase the minimum required medical payments coverage from \$1,000 per person to \$10,000 per person. The named insured may reject medical payments coverage. If the named insured rejects the coverage, the coverage need not be provided in a subsequent renewal policy issued by the same insurer unless the insured requests it in writing.

Written Offers and Rejections (effective 11/1/09)

Section 3167 of the bill amends WI Stat. section 632.32 to require an insurer writing umbrella or excess liability policies that insure with respect to a motor vehicle registered or principally garaged in the state against loss resulting from liability imposed by law for bodily injury or death suffered by a person arising out of the ownership, maintenance, or use of a motor vehicle to provide written offers of uninsured motorist coverage and underinsured motorist coverage. An applicant or named insured may reject one or both of the coverages offered, but must do so in writing. If the applicant or named insured rejects either of the coverages offered, the insurer is not required to provide the rejected coverage under a policy that is renewed to the person by that insurer unless an insured under the policy subsequently requests the rejected coverage in writing.

Stacking Provisions (effective 11/1/09)

Sections 3168 through 3170 of the bill amend WI Stat. section 632.32 to limit stacking of uninsured motorist coverage and underinsured motorist coverage to three vehicles.

Reducing Clauses (effective 11/1/09)

Section 3171 of the bill amends WI Stat. section 632.32 to prohibit reducing clauses for uninsured motorist coverage or underinsured motorist coverage.

History of Insurance (effective 11/1/09)

Section 3172k of the bill enacts WI Stat. section 632.355. This section provides that, in issuing or renewing a motor vehicle insurance policy, an insurer may not place the applicant or insured in a high-risk category on the basis that the applicant or insured has not previously had motor vehicle insurance.

Agent Appointment Fees (effective 11/1/09)

Section 3135 of the bill amends WI Stat. section 601.31 to increase the agent appointment fee to \$16 annually for resident agents and \$50 annually for nonresident agents.

Additional Information

Bill text is available on the PCI member Web site, www.pciaa.net. Select Advocacy, State, and use the Legislation Search link.

The enacted law is also tracked in the PCI *Legislative Activity Report* and the *New Law Alert*. Sign up for daily, weekly, or monthly email delivery of these reports under My Profile, Publication Subscriptions, State Publications.

