



WISCONSIN LEGISLATIVE COUNCIL ACT MEMO

2011 Wisconsin Act 14
[2011 Assembly Bill 4]

Motor Vehicle Liability Insurance

2011 Wisconsin Act 14 relates to automobile insurance coverage limits, permissible policy provisions, and proof of financial responsibility.

The Act largely returns the laws on financial responsibility for motor vehicles to the status of those laws prior to being revised by 2009 Wisconsin Act 28 (the 2009-10 Biennial Budget), but maintains the requirement that every motor vehicle operated in Wisconsin be covered by an insurance policy.

Act 14 reduces the minimum mandatory liability coverage to \$25,000 for each person, \$50,000 for each accident, and \$10,000 for property damage, from \$50,000, \$100,000, and \$15,000, respectively. It also repeals the mechanism for the Wisconsin Department of Transportation to index the limits to inflation.

The Act reduces the minimum uninsured coverage to \$25,000 per person and \$50,000 per accident, from \$100,000 and \$300,000, respectively. It also reduces the minimum medical payments coverage to \$1,000, from \$10,000.

The Act revises the definition of an “uninsured motor vehicle” to explicitly include a so-called phantom vehicle that may cause an accident without physical contact between the vehicles. The Act revises the proof for an accident with a phantom vehicle to require corroboration by somebody other than the insured, and requires timely notice of the accident to police and the insurer.

The Act returns the treatment of underinsured motorist coverage to the status of that law prior to being revised by the 2009-10 Biennial Budget, including the following provisions:

- Underinsured motorist coverage is not required by an insurance policy.

This memo provides a brief description of the Act. For more detailed information, consult the text of the law and related legislative documents at the Legislature’s Web site at: <http://www.legis.state.wi.us/>.

- 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.
- Rejection or acceptance of the underinsured motorist coverage does not need to be in writing. Absence of premium payments for underinsured motorist coverage is proof of rejection of the coverage.
- If an insured does accept underinsured motorist coverage, the coverage limits must be at least \$50,000 per person and \$100,000 per accident.

The definition of underinsured motorist coverage is repealed and left undefined in the statutes, to be determined by each individual insurance policy.

The Act allows an insurance policy to include anti-stacking clauses, which prohibit each type of coverage under the policy from being added to the limits for similar coverage for other vehicles for which the person is insured. The Act clarifies that an insurance policy may limit, restrict, reduce, or exclude coverage in an anti-stacking clause, and for a vehicle for which the person is not insured.

The Act provides that, for a person who was not using a motor vehicle at the time of an accident, such as 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.

The Act 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.

The Act allows an insurance policy to place an applicant who has not previously had motor vehicle insurance in a high-risk category for assessing risk.

The Act requires an insurance policy for a human service vehicle used to transport the elderly and disabled to include property damage coverage of at least \$10,000, and bodily injury liability coverage of at least \$75,000 per person.

The Act 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.

Effective date: Act 14 becomes effective November 1, 2011, and applies to motor vehicle insurance policies that are newly issued or renewed on or after that date.

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