WI Mandatory Liability Insurance

344.62 Motor vehicle liability insurance required. (Feb 2014)

(1) Except as provided in s. 344.63, no person may operate a motor vehicle upon a highway in this state unless the owner or operator of the vehicle has in effect a motor vehicle liability policy with respect to the vehicle being operated.

(2) Except as provided in s. 344.63, no person may operate a motor vehicle upon a highway in this state unless the person, while operating the vehicle, has in his or her immediate possession proof that he or she is in compliance with sub. (1). The operator of the motor vehicle shall display the proof required under this subsection upon demand from any traffic officer. The proof required under this subsection may be produced in either printed or electronic format, including by display of electronic images on a cellular telephone or other electronic device. If this proof is displayed in electronic format on any cellular telephone or other electronic device, the traffic officer may not view, and producing proof in electronic format is not considered consent for the traffic officer to view, any content on the telephone or other device except the proof required under this subsection.

(3) Nothing in this subchapter prohibits a person who violates this section from also being subject to any provision in subchs. I to IV of this chapter.

Purpose of Insurance

The purpose of vehicle insurance is to provide compensation to vehicle and property owners if their vehicle or property is damaged or if anyone is injured because of a vehicle crash. Most insurance policies are for the vehicle and the driver of that vehicle.

Vehicle insurance is an investment to protect you financially in case of a vehicle crash which results in injuries, death, or damage to your and other peoples property.

If you are involved in an at fault crash, your insurance is going to pay for bodily injury liability, property damage liability coverage, personal injury protection, medical payments coverage. The combination of these coverage's is the most basic form of a vehicle insurance policy.

There are several things you need to think about before you purchase auto insurance. How much do I need? What types of insurance is there? What does it pay for? How do deductibles work? What is full coverage?

Every state sets a minimum coverage level. Selecting more than the minimum coverage would increase your cost now but potentially give you more protection in case of an accident. Since it's impossible to know the most you'd have to pay if you were to cause an accident that resulted in bodily injury or property damage, be sure to take some time and consider whether you'd be able to afford any damages that exceed your auto insurance coverage. The higher your limits, the more likely it is that we'll be able to pay all of the damages for you. Limits higher than the state minimum might be the best choice for you.

Types of Insurance

Liability coverage - pays damages due to bodily injury and property damage to others for which you are responsible. Liability insurance covers the other person's vehicle damage or personal injuries. It **does not** cover your vehicle damage or personal injuries. It is important to carry enough liability coverage because you will be responsible for any financial amounts that exceed your insurance policies limits. There are two types of Liability Insurance.

Bodily Injury Liability coverage - is mandatory coverage in most states. Bodily injury liability coverage pays for medical bills, lost wages, rehabilitation treatment, and/or funeral costs for anyone injured or killed by your car. This coverage will pay for "pain and suffering" damages when a third party successfully sues. It also pays your defense and court costs. Many experts agree that this is the most important type of coverage to carry. The biggest mistake consumers make is being underinsured on bodily injury liability coverage. It is recommended that you have at least $100,000 per person and $300,000 per accident. To best protect you and your assets, you should have $250,000 per person and $500,000 per accident.

Property Damage - coverage pays to repair or replace other people's vehicle or property, such as fences, trees, shrubs, and homes damaged by your vehicle. States typically require only $10,000 to $25,000, but it is recommended to have at least $100,000 in property damage coverage.

Medical-payments coverage - covers medical bills for you and your passengers, regardless of who's at fault. When this coverage isn't automatically included in your policy, its costs are minimal. You may not require any if you have good health insurance. To protect passengers who may not have their own health coverage, you may want to carry at least $5,000 of this coverage. There are no deductibles or copays, so this coverage can pay from the first dollar of incurred, covered expenses.

Comprehensive coverage - helps pay for loss of or damage to an insured vehicle, not caused by a collision or vehicle rollover. This would also cover vehicle damage due to:

Fire	Hail	Flood	Wind
Vandalism	Hitting an animal	Theft	Falling debris

Collision coverage - pays to repair or replace your car no matter whom or what caused the accident. This would cover damage to your vehicle due to a collision with another vehicle or object, or if you have a rollover.

If you are driving a low value vehicle it is probably best to not have Comprehensive or Collision coverage. The cost of the insurance can end up being more then the vehicle is worth.

If you have a loan on the vehicle, the financial institution that carries the loan will require you to have Comprehensive and Collision coverage as part of the loan agreement.

Deductible – is the dollar amount you pay out of pocket to repair your vehicle before the insurance policy's coverage takes effect. You choose the deductible amount. The higher the deductible, the less the insurance costs. You can have a $0, $250, $500, or $1000 deductible amount. If you choose a $500 deductible and your crash damage is $800, you pay $500 and the insurance pays $300 for the repairs. You should have the amount equal to your deductible set aside in the bank to cover your deductible amount.

Deductibles are offered by car insurance companies to reduce the cost of insurance. If insurance companies paid out 100% of every claim filed, the overall cost of insurance would be much higher. Deductibles also deter people from filing really small claims.

Higher deductibles lower your premium but increase the amount you'll have to pay out of your own pocket in case of a loss. Ask yourself how much you're willing to pay when a loss occurs to save money on premiums.

Uninsured & Underinsured motorist coverage - covers medical bills, rehabilitation, and funeral costs, as well as losses for pain and suffering for you or the passengers in your car when an accident is caused by a hit-and-run driver or someone who has little or no insurance. You should get the same amount of Uninsured and Underinsured motorist coverage as you purchase in bodily injury coverage. If someone who has no insurance hits you, your medical costs will be covered.

Roadside assistance - coverage pays to have your vehicle towed. If you already have an auto-club membership or your car's manufacturer provides this service for free, don't buy this extra coverage.

Rental reimbursement - coverage typically costs $30 per year and pays for a rental car--usually for up to 30 days--if your vehicle is stolen or is in the shop for repairs sustained in an accident. There's usually a cap on the amount you're reimbursed per day and per occurrence.

If you depend on having a car available to get to work, school, or store, could you afford to pay for a rental car yourself without this auto insurance coverage?

Personal-injury protection - reimburses you for lost wages and in-home care needed as a result of an accident. If you have separate health and disability policies, you can buy just the state-required minimum for PIP. The other policies should cover the balance of your needs.

How Vehicle Insurance Works

Mr. Lacfocus was texting and went through a stop sign and hit a vehicle driven by Mrs. Tardee, a school teacher. She had a passenger in her car, Mrs. Yelsalott, the cheerleading coach.

- Mr. L was not hurt, but his car damage was $4,000.00.
- Mrs. T had a slight cut above her eye and the emergency room cost was $500.00.
- Mrs. T's car was a total loss and estimated to be valued at $16,000.00.
- Mrs. Y had a broken leg and went through several weeks of recovery with expenses totaling $55,000.00.

Mr. L's insurance coverage was as follows:

Bodily Injury Liability $50,000.00 for one person and $100,000.00 for several persons.
Property Damage Liability $50,000.00
Collision with a $200.00 deductible.
Medical Payments $2,000.00
Comprehensive- Car Value
Uninsured/Underinsured Motorist $50,000.00 for one person and $100,000.00 for several.

1. Under which coverage will Mr. L's car be paid?_____. How much will the Insurance Company pay?_____. How much will Mr. L have to pay?_____.

2. Which coverage will pay for Mrs. T's injury?_____. How much will the Ins. Co.

3. pay?_____. How much will Mr. L have to pay?_____.

4. Which coverage will pay for Mrs. T's car?_____. How much will the Ins. Co. pay?_____. How much will Mr. L have to pay?_____.

5. Which coverage will pay for Mrs. Y's injury?_____. How much will the Ins. Co. pay?_____. How much will Mr. L have to pay?_____.

Factors Affecting Your Auto Insurance Costs

There are several factors that are considered when determining vehicle insurance rates. Knowing what affects the cost of insurance can help you make a better informed decision when purchasing vehicle insurance. Insurance companies look at each person differently depending on the following things:

1 – Types of insurance coverage you are asking for. The more types of insurance you have, the more you will pay. If you drive an older less expensive vehicle that has a very low blue book value, you may not need collision insurance. You need to look at what you want to cover when deciding the types of coverage you should get.

2 – Deductible amounts for the coverage you choose. Choosing a higher deductible typically means a lower monthly premium and choosing a lower deductible means a higher monthly premium. Even though a higher deductible means lower monthly payments, it also means that you have to come up with more of your own money if you are in a crash. A good rule to use is to have the deductible amount set aside in case you need it.

3 – Type of vehicle you will insure. So, you want that convertible. Well, get ready to pay more for insurance. Convertibles are prime targets for thieves. The less attractive your car is to thieves, the lower the premium. The top three cars targeted by car thieves are: 1) Honda Accord, 2) Honda Civic, and 3) Toyota Camry. Insurance companies will also look at how much it costs to fix your vehicle piece by piece.

Higher the safety rating you vehicle has, the lower the premium. Insurance companies also look at which vehicles are more susceptible to damage and occupant injury. If you vehicle does not hold up well in a crash, there is a greater chance you or your passenger will get hurt.

4 – How many miles you will be driving the vehicle. The more miles per year you drive, the greater the chances of being involved in a crash.

5 – Where you live and keep your vehicle. Yes, where you live affects the cost of your insurance. If you live in a big city with lots of vehicles, there is a greater chance of being involved in a crash or having vandalism. The greater chances of a crash or damage mean higher premiums. If you always keep your vehicle in a garage, some insurance companies will give you a break.

6 – Your driving record. Drivers with a negative driving record that indicates several traffic tickets or at fault crashes are more willing to take a risk. The greater risk you take, the greater the chance of a crash resulting in the insurance company having to pay a claim. The greater the chances of the insurance company having to pay a claim, the higher the monthly premiums will be. The longer you go with no traffic tickets or at fault crashes, the greater the chances of the monthly premium costing less.

7 – Your Marital Status, age and sex. Crash rates are higher for drivers under the age of 25, especially male and single drivers. Insurance companies look at married people as a better risk due to being more careful and responsible. Getting married is not always a guarantee of lower rates. They will still look at your mates driving record.

8 – Who has access to your vehicle. Most insurance companies will look at the driving records of those you live with. If any of the people that live with you have negative driving records, your monthly premiums may be higher because they have access to your vehicle.

9 – Your credit score. Yes, many insurance companies look at your credit score when determining your monthly premium. Lower credit scores mean higher monthly premiums. If you are a financial risk, you tend to take more risk when driving.

For more information on vehicle insurance, go to:

- www.statefarm.com
- www.farms.com/auto/
- www.bwoinsurance.com/