Wisconsin Office of the COMMISSIONER OF INSURANCE

Consumer's Guide to Auto Insurance

Wisconsin drivers are required to have motor vehicle liability insurance.
Make sure you understand your automobile insurance before you need it.

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Disclaimer

This guide is intended as a general overview of current law in this area but is not intended as a substitute for legal advice in any particular situation. You may want to consult your attorney about your specific rights. Publications are updated annually unless otherwise stated and, as such, the information in this publication may not be accurate or timely in all instances. Publications are available on OCI's website at oci.wi.gov/Publications. If you need a printed copy of a publication, use the online order form (oci.wi.gov/Pages/Consumers/Order-a-Publication.aspx) or call 1-800-236-8517. One copy of this publication is available free of charge to the general public. All materials may be printed or copied without permission.

File a Complaint

If you have a specific complaint about your insurance, first contact the insurance company or agent involved. If you do not receive satisfactory answers, contact the Office of the Commissioner of Insurance (OCI).

- You can file a complaint online at oci.wi.gov/complaints. If you would like to file your complaint by mail, visit oci.wi.gov/complaints, email ocicomplaints@wisconsin.gov, or call 1-800-236-8517 for a form.
- Reach out to OCI (1-800-236-8517 or ocicomplaints@wisconsin.gov) to speak with our staff. If sending an email, please indicate your name and phone number. Please note that we cannot accept complaints by phone.

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Why Should You Buy Auto Insurance?

Insurance is based on the theory that most drivers will not be involved in accidents. Premiums paid by all drivers during the year are used to pay for the losses of the few drivers who have accidents. When you buy insurance, you receive financial protection in case you are in an accident. You also make sure a person injured through your fault will recover from losses you caused.

For example, if you are in an auto accident, you may be found responsible for the losses of other people involved. A claim may be made, or a lawsuit filed against you, and you may not only have to pay for property damage but also for medical expenses, lost wages, and the pain and suffering of any injured person. The amount of money you may have to pay could be substantial.

If you do not have insurance, anything of value you own, including your home, savings, future wages, and other assets, may be taken to pay for those losses. Auto liability insurance can help protect you, so this does not happen. Liability insurance also pays for an attorney to defend you against any claim or lawsuit that may be payable under the policy.

You can buy insurance to cover damage to your auto. This optional coverage will help pay for a loss regardless of fault.

Components of Auto Insurance

There are both mandatory and optional coverage components to auto insurance. Your policy must contain three major parts: liability insurance for bodily injury, liability insurance for property damage, and uninsured motorist coverage. Optional coverage includes underinsured motorists, medical expense coverage, collision, and comprehensive coverage.

Mandatory Auto Insurance Requirements

All drivers must have motor vehicle liability insurance. This mandatory requirement falls under the authority of the Department of Transportation, Division of Motor Vehicles (DMV).

Wisconsin drivers are required to have an automobile insurance policy in force or, in limited situations, other security which could be a surety bond, personal funds, or certificate of self-insurance. Details are available from the Department of Transportation wisconsindot.gov/Pages/dmv/license-drvs/susp-or-rvkd/proof-of-insurance.aspx.

Your policy must provide at least the following minimum liability coverage:

- $25,000 for injury or death of one person;
- $50,000 for injury or death of two or more people; and

- $10,000 for property damage.

Uninsured motorist coverage of at least $25,000/$50,000 each for bodily injury only is also mandatory.

Liability Insurance

When referring to liability limits, designations such as $50,000/$100,000/$15,000 (or 50/100/15) refer to the maximum amounts an insurer will pay for three basic liability coverages.

- The first number ($50,000) refers to the limit on bodily injury payments coverage per person.
- The second number ($100,000) refers to the limit on bodily injury coverage per accident where two or more people have been injured.
- The third number ($15,000) refers to the limit on property damage coverage per accident.

Bodily Injury Liability Coverage does not protect you or your car directly. If you cause an accident injuring other people, it protects you against their claims up to the stated amounts for medical expenses, lost wages, pain and suffering, and other losses. It will usually pay if the accident was caused by a member of your family living with you or a person using your auto with your consent.

Property Damage Liability Coverage pays for damage you cause to the property of others such as a crushed fender, broken glass, or a damaged fence. Your insurance will pay for this damage if you were driving your auto or if it was driven by another person with your consent. Property damage liability also pays if you damage government property like a light pole or signpost, up to the limit you choose.

Uninsured Motorist Coverage

Uninsured motorist coverage (UM) applies to bodily injury that you, your family, and other occupants of your vehicle incur when hit by an uninsured motorist or a hit-and-run driver. It protects you by making sure money is available to pay for your injuries caused by someone else.

The minimum amount of coverage required by law is $25,000/$50,000 for bodily injury only. These coverages are the **minimum** required by law; you may want to purchase more than minimum coverage to provide more protection. Uninsured motorist coverage does **not** cover your property damage and does **not** protect the other driver. Your insurer may sue the other driver for any money your insurer pays you because of the other driver's negligence.

Underinsured Motorist Coverage

Underinsured motorists (UIM) coverage increases the bodily injury protection to you and the people in your car up to the amount of coverage you purchase if the at-fault party's bodily injury liability insurance limits are lower than your UIM coverage limits.

Underinsured motorist coverage is not mandatory. The insurer must notify you with the delivery of your policy that UIM coverage is available. You may reject buying UIM coverage. However, if purchased, coverage limits of at least $50,000 per person and $100,000 per accident are required.

You should carefully review your policy to determine exactly what coverage is provided by UIM.

Medical Payments Coverage

This coverage pays medical or funeral expenses for you, or others injured or killed in an accident while riding or driving in your auto. This includes all reasonable hospital, surgical, chiropractic, x-ray, dental, professional nursing, prosthetic, and rehabilitation expenses up to the limits of coverage.

Medical payments coverage usually covers only those expenses not covered by health insurance, such as copayments, and deductibles. This coverage will pay for your medical and funeral expenses even if you caused the accident. Usually, only expenses incurred within one year after the accident are included. As an example, this coverage will provide benefits for a friend or a neighbor's child injured in your car. Medical expense coverage is optional coverage. **Insurance companies must offer this coverage to you, but you do not have to buy it.** The minimum limit that can be purchased is $1,000.

Physical Damage Coverage

If you borrow money from a bank or other financial institution to buy your car, the lender will probably require you to purchase physical damage coverage to protect both of your interests in the car.

"Collision" and "comprehensive" coverages, which are also known as physical damage coverages, pay for the repair or the actual cash value of your auto regardless of who is at fault.

Comprehensive and collision premiums are based on the make, model, and year of your car. You should evaluate the current market value of your car and your ability to afford a similar car should it be destroyed before you purchase this coverage. You may not need this coverage if your car has decreased in value or if you can afford to replace it.

Collision coverage pays if your auto collides with an object, including another car or hit-and-run car, or if it overturns. Your insurer will pay for such damage even if the collision is your fault.

Comprehensive coverage pays for damage to your auto from almost all other causes such as fire, vandalism, water, hail, glass breakage, wind, falling objects, civil commotion, or hitting an animal. This is also sometimes referred to as "Other Than Collision." Damage from striking a deer is a relatively frequent accident in Wisconsin. It is important to know most policies cover hitting an animal under comprehensive, not collision, insurance. Comprehensive coverage also pays if your auto or parts of it, such as a battery or tires, are stolen. Flood damage to your car is also covered if your auto insurance policy includes comprehensive coverage. If you carry collision without comprehensive coverage, you are **not** covered for flood damage.

Underwriting and Rating

Comparison shopping for car insurance is often beneficial. Premiums are based on several factors and may vary a great deal from one insurer to another for the same policy. The most important items in establishing your rate are:

- **Your age, sex, and marital status.** For example, young, single male drivers generally pay more than any other group.
- **Where you live.** Most insurance companies divide the state into territories for rating purposes. Generally, people in metropolitan areas pay more than those in less congested places.
- **Your car.** The year, make, and model of your car influences your premium. The less it costs to repair or replace your vehicle, the lower the cost of your premium. Sports cars and cars with high-powered engines cost more to insure than cars with smaller engines.

- **How you use your car.** Generally, the more you drive, the more you pay. Some insurers have begun to use usage-based insurance (UBI). UBI examines driving habits (miles driven, time of day, where the vehicle is driven, rapid acceleration, hard braking, and airbag deployment) to determine insurance costs. A driver's behavior is monitored by telematics, technology in the car, while the vehicle is in use. The insurance company charges insurance premiums according to the data.
- **Prior insurance coverage.** Insurers may ask if you previously had insurance coverage. If you have previously been canceled for nonpayment of premiums, insurers may want to know. If you have had insurance, the prior company can tell the new insurer about your claims history.

When an insurance company considers your application for auto coverage, it will consider several different factors about you and your driving record. Just because you apply with a certain company does not mean you will be provided coverage by the company.

After completion of underwriting, the insurance company will place you in one of the three basic categories of drivers. Each company adopts a system for deciding whether to insure a person and how much to charge for coverage. Those with the lowest risk factors (least likely to have a claim) will receive the lowest rates.

- **Preferred.** This category is intended for drivers that insurance companies consider the best risks, which usually means the safest drivers. These insureds are usually ones with clean driving records over the past three to five years. These are given the lowest rates.
- **Standard**. This category is intended for moderate-risk drivers. The rates are higher than the preferred rates. These drivers typically drive moderate-risk vehicles, such as sedans, minivans, or other mid-range cars with lower theft and accident frequency, and have reasonably clean driving records.
- **Nonstandard**. This category is intended for drivers that insurance companies consider high-risk. Drivers in this category usually have the highest rates. These drivers may include drivers under the age of 25 with less driving experience, drivers with tickets or accidents, drivers with a poor premium payment history, and drivers with a reckless or drunk driving history.

Your agent should be able to tell you what classification you fit into. The dividing lines are not always consistent across insurers, but in general, an applicant with chargeable accidents will be denied coverage by the lowest cost insurers in the above examples. These insurers are relatively low cost because their customers are better than average drivers. Since you generally cannot tell from the name or promotional ads of an insurer what its underwriting criteria are, seek help from a qualified agent to find which insurer might insure you.

Credit Information

Consumer credit information may be requested by an insurer when writing new or renewal policies for both commercial and personal risks. Some insurance companies believe certain credit information may be an indicator of the frequency and severity of future claims.

Insurance companies must use credit information in a way that is not unfairly discriminatory. If an insurer rejects your insurance application based on information contained in your credit report, you have the right to review the report information for accuracy, at *no charge*. You must request a copy of the report directly from the credit agency. Your insurance company will provide you with the credit agency's name, address, and telephone number.

Insurers may use credit information as one of the criteria they consider when underwriting personal lines insurance. However, it is the position of OCI that insurers should not use credit information, whether they use

credit reports or credit scoring mechanisms, as the sole reason to refuse an application, cancel a new insurance policy in its first 60 days of coverage, or for nonrenewal of an existing policy.

For more information on the Fair Credit Reporting Act (ftc.gov/enforcement/statutes/fair-credit-reporting-act) contact:

Federal Trade Commission (FTC)
600 Pennsylvania Avenue, NW
Washington, DC 20580
1-877-FTC-HELP (382-4357)
ftc.gov

OCI publishes a fact sheet answering questions about how insurance companies use credit history in their underwriting process. *Understanding How Insurance Companies Use Credit Information* is available at oci.wi.gov/Pages/Consumers/PI-204.aspx or by calling 1-800-236-8517.

Ways to Lower Your Premium

There are actions that you can take to lower the cost of your automobile insurance.

Safe Driving

Your driving record is very important in determining your premiums. Most insurers charge more—often substantially more—for people who have a recent history of accidents or moving violations than for people with relatively clean records. Therefore, it is important to ask your agent to go over all the facts concerning your driving record and check all other information for accuracy on your policy application. A mistake in your application could cost you money or result in the cancellation of your insurance policy.

Wisconsin law allows insurers to rate based on all the members in a household including husband, wife, children, or nonrelative, and the law does not allow insurers to exclude drivers by endorsement.

Your present insurer may charge a higher rate, a surcharge, if you are involved in a chargeable accident or ticketed for a serious traffic violation. Surcharges must be applied uniformly and are required to be filed with OCI. The insurer may also elect for nonrenewal of your policy as it expires if your accident record or moving violations exceed the insurer's standards.

Take Advantage of Discounts

Every auto insurance company has its own package of special discounts to attract particular customers. Below is a sample of discounts to ask your agent about.

- Package discount—up to 15% is offered to customers who insure both their home and automobile with the same insurer.
- Multiple automobile discount—insuring more than one automobile almost always qualifies an insured for a discount.

- Good student discount—typically a 10% to 20% discount is offered if a youthful driver maintains a "B" or better grade average in high school or college.
- Nonsmokers discount—a few insurers offer discounts of 5% to 10% for insureds who do not smoke.
- Passive restraints discount—several companies offer discounts of up to 40% on medical payments coverage for driver and/or passenger airbags, automatic seat belts, or anti-lock brakes.
- Accident/claim free discount—insurers commonly reduce premiums for each year you have been continuously insured by them without being involved in an accident or filing a claim.
- Pay in full discount—some companies offer a discount for paying your premium in one lump sum or by automatic electronic payments. You can also save on service charges by paying your premiums in a lump sum rather than in installments.
- Some insurers have begun to use usage-based insurance (UBI). UBI examines driving habits (miles driven, time of day, where the vehicle is driven, rapid acceleration, hard braking, and airbag deployment) to determine insurance costs. A driver's behavior is monitored by telematics, technology in the car, while the vehicle is in use. The insurance company charges insurance premiums according to the data. Talk to your insurance agent to find out if this is a good option for you as well as the associated risks and benefits.
- You can avoid late fees by paying your bill on time. Also, many insurance companies use consumer credit information as a rating factor. Maintaining a good credit history may lower your rate.

A good agent will be sure to inquire about your circumstances to tell you about all the discount packages offered by the insurer they represent.

Increase Deductibles

Many factors that go into determining your auto premium are relatively fixed by your household makeup and lifestyle. However, one thing you can easily change is your deductible amount (usually only applies to comprehensive or collision coverage).

A deductible is the dollar amount you must pay out-of-pocket for each covered claim. Deductibles on collision coverage can range from $100 to $1,000. With comprehensive coverage, they can range from $100 to $500 or higher.

Before deciding the deductible level, you must consider your ability to absorb unexpected financial demands. For example, if a loss of $500 occurs and you have a deductible of $250, you pay $250 (your deductible) and you collect $250 from your insurer. If a loss of less than $250 occurs, you pay for all of it yourself.

If you increase your deductible and pay for small losses yourself, your insurer can charge you less. This way you can cut your insurance premium costs and still be protected against large losses.

Youthful Drivers

The cost of automobile insurance varies from one group (classification) of drivers to another. On average, some groups have worse driving records, higher accident rates, and more costly accidents than others. Usually, the highest premiums are paid by a male driver under age 25, with his rate depending on his marital status and whether he owns, or is the principal driver, of the car being insured. Under the most widely used rating system, the cost of auto insurance for youthful drivers is scaled downward periodically. Rates for unmarried males who are owners of their cars are reduced periodically from age 17-29.

In most states, rates for unmarried males who are not owners of their cars, for married males, and for females are reduced each year from age 17-21. For these groups, “young driver” surcharges are eliminated at age 25.

Underage Drinking and Driving

Auto insurance premiums may be **tripled** or the policy **nonrenewed** for parents whose underage children receive operating while intoxicated (OWI) citations.

If your child is cited for underage drinking where the violation involved the operation or use of a motor vehicle, the insurer may elect for nonrenewal of the parents' insurance policy or increase the premium, which would remain at the higher level for several years or until the child leaves the household. If a child is cited for underage drinking involving a motor vehicle, the parents' insurance rate may be affected for a minimum of three years, or until the minor is no longer a member of the household, or no longer on the policy. OCI recommends the insurance company investigate whether the violation is driving-related before using an underage drinking violation to underwrite or rate a policy. (Section Ins 6.54 (3) (a) 1., Wis. Adm. Code, prohibits using an insured's or applicant's criminal records.)

If a young driver in your household has received citations for driving-related violations, including an OWI, those violations can also affect other policies held by the parents.

The Department of Motor Vehicles will release any records related to drinking and driving, even for a minor, to insurance companies when requested. Wisconsin driver records that are not confidential can be accessed by anyone under open records law. Records that are not confidential include OWI and UAO (Underage Alcohol Operation).

If you add another vehicle to your policy or change your insurance coverage, ask your agent to issue a binder confirming the coverage. A binder is a temporary written agreement, issued in the name of the insurance company, taking the place of the policy or endorsement until the policy or endorsement is issued. Only a binder is evidence of immediate coverage.

What if You Have Trouble Finding Insurance?

If you try several insurers and cannot find coverage, you most likely can be insured through the Wisconsin Automobile Insurance Plan (WAIP). This is a plan created by Wisconsin law to provide automobile insurance to those who cannot secure coverage from usual market sources.

When you apply, you will be assigned to a licensed insurer who will issue you a policy. Since it is a last resort plan, rates charged will usually be somewhat higher than rates charged in the voluntary market. While you are on the plan, you should continue to shop for less expensive coverage.

You may apply through any licensed property and casualty insurance agent.

For information on WAIP, contact

Wisconsin Auto Insurance Plan (WAIP)
20700 Swenson Drive, Suite 100
Waukesha, WI 53186
800-827-5964.

WIAIP@aipso.com
waip.org

Safety Responsibility Law

Wisconsin has a Safety Responsibility Law to protect persons who suffer damage in accidents caused by uninsured motorists who do not pay for damage or injuries they cause.

The law requires that any time a person is hurt, killed, or property damage exceeds $1,000, the accident must be reported as soon as possible. You must file a Driver's Report of Accident within 10 days with the DMV. If a police agency investigates the accident, the police will file this report for you.

DMV checks accident reports to see if drivers have insurance coverage. If all drivers are insured, no action is taken. If the DMV determines a driver is uninsured and appears to be at fault, the law allows the DMV to suspend their driver's license and vehicle registration if they do not pay for damages or injuries they caused.

For more information, contact the Wisconsin Division of Motor Vehicles at (608) 266-1249. Information about the Safety Responsibility Law is available at wisconsindot.gov/Pages/dmv/license-drvs/rcd-crsh-rpt/srlaw.aspx.

Comparative Negligence Law

Wisconsin has a comparative negligence law, which means responsibility is frequently shared. The comparative negligence law is based on a percentage of negligence. This means you may recover damages from another party only if your negligence is **not greater than** the other party. Recovery for your damage will be reduced by the percentage of negligence attributed to you. You are barred from recovery if your negligence is greater than another party's negligence.

If You Are in an Accident

Call the police. A police report can help if you have an accident or if your car is stolen or damaged by vandals. What looks like a minor dent could be several hundred dollars' worth of damage.

Obtain information. The insurance company will need complete information. Exchange insurance information with the other driver. Get the following information:

- names, addresses, and telephone numbers
- license plate number of persons involved and witnesses
- time, date, location, and road conditions
- year and make of vehicles
- apparent damage and injuries

You may also want to take pictures of the scene and damage and write down, while it's still fresh, your version of what happened.

Filing an Insurance Claim

Call your agent or insurance company. Phone your agent or the company promptly, even if you are far from home. Ask what forms or documents are needed to support your claim. The company may require a "proof of loss" form, as well as documents relating to your claim, such as medical and repair bills and a copy of the police report. If you have any questions, your agent should be able to assist you in filling out the forms.

Cooperate and answer all questions fully. The insurance company may call you for more information or ask to examine your damaged vehicle. Supply the information they need. To determine the extent of damage, they must have access to the vehicle. Cooperate with the investigation and settlement of the claim. Cooperate with the defense of any claim and provide your insurance company with copies of any legal papers you receive in connection with your accident. Your insurer will represent you if a claim is brought against you and defend you if you are sued for a claim covered by the policy.

Keep receipts and records. Keep receipts and records of expenses you incur because of the accident. Save copies of all documents you send or receive. You may need them later.

Take notes. Whenever you talk with insurance company employees, your agent, lawyers, police, or others, write down the date, times, names, and subjects you talked about. Include all decisions, requests, or promises made.

Report worker's compensation claim. If you are injured in a motor vehicle accident while conducting work-related activities for your employer, also file a worker's compensation claim with your employer. Your employer's worker's compensation policy will cover your medical expenses and loss of income.

If you travel frequently, you may want to check with your insurance company or agent to find out how to file a claim when you are out of the area.

Repairing Your Car

Coverage for your vehicle in a personal auto insurance policy is not based on replacement cost. The policy is based on the "actual cash value" of the automobile. The actual cash value (ACV) of the automobile is based on the value of the vehicle at the time of loss, considering its current market value. Therefore, the insurer's obligation is to repair the car based on its ACV, not its replacement cost.

If your car is damaged in an accident, your insurer will request you submit one or more written estimates for the cost of repairs. This permits you and your insurer to compare estimates and have your vehicle repaired at the lowest possible cost. Competitive body shop estimates reduce insurance claim costs, which help in maintaining or reducing auto insurance rates.

Your insurer may suggest, but cannot require, you to have your car repaired at a specific auto repair shop. If you choose to have repairs done at a facility not approved by your insurer, you are responsible for any repair costs exceeding the final claim settlement.

Auto repair shops may use aftermarket or used parts when repairing or replacing a damaged part (i.e., bumpers, bumper covers, and associated bumper parts). Aftermarket parts are produced by companies other than the original equipment manufacturers (known as OEM parts).

Auto insurance contracts do not generally specify what parts will be used. You may request after-market parts not be used to repair your vehicle, but you are responsible for any repair costs exceeding the final claim settlement negotiated with the insurer.

If Your Vehicle is a Total Loss

An insurance company will consider your vehicle a total loss **if repairs cost more than it is worth**. An insurance company will use various sources to value your car including, but not limited to, the National Automobile Dealers Association Used Car Guide ("Blue Book") or the CCC Information Services Inc. guide. The company's offer might not recognize your car's condition, special features, or value on the local market. Companies must use a fair and reasonable method to determine the value of your car.

You have the right to know how the value was determined and you should be sure to give the insurance company all information affecting the value of your car.

It may come down to a negotiation between you and the insurance company to reach an agreement on the value of your car. A company is more likely to raise its offer if you can show your car would sell for a higher price in your area. Get several used car dealers' written price quotes for a similar automobile. Used car ads and online sales can also help support your position.

An insurance company will not compensate you for the sentimental value of your car.

Lender Insurance Requirements

If you finance your car, the lender will require you to have car insurance. The terms of your loan will most likely require you to provide comprehensive and collision insurance. If your insurance policy lapses, the bank will force coverage (obtain a policy) and charge you for it. Forced coverage protects the bank, not you, for their interest in the car. This insurance does not protect your interest in the vehicle and can be expensive.

If a bank has forced insurance coverage on your car, it is in your best interest to obtain regular insurance immediately. The forced coverage provides no liability insurance. These policies can be as much as three times more expensive compared to a regular policy, and the charges for these policies will be added to your loan amount.

If your car is in an accident, your insurance company will pay for repairs or replacement only up to the car's ACV—the amount it would have sold for before the accident. The ACV is **not** related to the amount of your car loan and **could be less than what you owe** on your loan. Your insurance company is obligated to return your vehicle to the condition it was before the accident, and you are responsible for what you owe on your car loan.

Vehicles in Storage

If you plan not to use your car for an extended period and decide to place it in a garage, you may want to ask your agent to suspend some coverages so you will not have to pay the premium associated with these charges. However, your car might still be susceptible to physical damage so consider maintaining comprehensive and possibly collision coverage while your vehicle is in storage.

Extended Warranties

Some extended warranty plans (sometimes called service contracts) providing repair and replacement services beyond what the product manufacturer offers are regulated by OCI. To find out if a warranty plan is licensed in Wisconsin, use the **Look Up** link on OCI's website at oci.wi.gov or call (608) 266-0103 or 1-800-236-8517.

If you have a problem with a vehicle manufacturer warranty plan, visit wisconsindot.gov/Pages/dmv/cons-protect/know-rghts/warrantyproblems.aspx for more information. Contact the Wisconsin Department of Transportation (WisDOT) Dealer & Agent Section at (608) 266-1425 or by email at DealerLicensingUnit@dot.wi.gov

Collision Damage Waiver Coverage

Rental car companies often sell collision damage waiver (CDW) coverage. A CDW is a contract offered by rental car companies. The contract shifts liability for collision damage from the person renting the car to the car rental company. Collision damage to the rental car is any damage resulting from an accident. Most personal auto policies include coverage for damage to a rental car. Before renting a car, check with your agent to see if you have coverage under your personal auto policy. It is also important to note if there is a difference in value between your car and the rental car.

If you rent a car in an area where your regular insurance does not provide coverage (i.e., anywhere outside the United States and Canada), purchasing a CDW is probably worthwhile.

If you are having problems with a car rental company, you should contact the agency handling consumer protection issues in **the state in which you rented the car**.

In Wisconsin, contact:

Department of Agriculture, Trade & Consumer Protection
2811 Agriculture Drive, P.O. Box 8911
Madison, WI 53708-8911
(800) 422-7128
DATCPHotline@wisconsin.gov
datcp.wi.gov

Insurance Marketing

Insurance is generally sold directly through an insurance company or indirectly through an agent or broker. An independent agent may represent more than one, and sometimes several, insurance companies. An exclusive agent sells solely for one insurance company or group of related companies if the insurance company or group writes that type of insurance. Independent agents, as well as exclusive agents, may place business with another company if the company(s) they represent do not write the type of insurance needed. A broker represents you in dealings with an insurance company.

When you first talk to an agent, be sure they are willing and able to explain various policies and other insurance-related matters. An agent should look for ways to get you the most protection at an affordable cost. Make sure your agent agrees to review your coverage from time to time, advises you about other financial services, and assists you when problems develop.

Some agents are interested in selling package products or services to as many people as possible. While there is nothing wrong with low-cost, standardized products, they should fit your needs. If you are not convinced a particular agent understands your needs and will give you the service you want, seek another agent.

Agents and insurers differ. Consider recommendations from friends. All companies and agents doing business in Wisconsin are licensed by OCI. Licensing information may be found using the Look Up tool on OCI's website oci.wi.gov or by calling 1-800-236-8517.

For Your Protection

Financial strength and being able to meet financial obligations to policyholders are very important.

Independent organizations such as A.M. Best, Standard & Poor's, Moody's Investors Service, and others publish financial ratings. These rating organizations do not rate the quality of the insurer's policies, practices, agents, or services. You should consider checking with at least two organizations to evaluate an insurance company's strength.

Every state has a safety net to protect insurance consumers from financial loss in the rare instance an insurer becomes insolvent. This safety net is called a "guaranty fund." Guaranty funds are established by state law and are composed of licensed insurers in the state. They pay the claims of policyholders and other claimants of an insolvent company. The money to pay claims against the insurance company comes from assessments made against all insurance companies that are members of the guaranty fund.

In Wisconsin, this fund is called the Wisconsin Insurance Security Fund. The fund is created by state law and is funded by assessments of insurers licensed to do business in Wisconsin. The fund protects residents for most claims of licensed insurers in liquidation. The fund should not be relied upon to eliminate all risks of loss to insureds due to insurer insolvency. Some types of policies may not be fully covered, and significant delays could occur in settling obligations in cases of liquidation.

Questions about coverage and limitations of the Wisconsin Insurance Security Fund may be addressed to:

Wisconsin Insurance Security Fund
2820 Walton Commons Lane, Suite 135
Madison, WI 53718-6797
(608) 242-9473
Wisconsin@wisf-madison.org
wilifega.org

Consumer Tips

- **Read your policy.** An auto insurance policy is a legal contract. It is written so your rights and responsibilities, as well as those of the insurer, are clearly stated.
- **Know what your needs are and find an insurer to meet your needs.** Some insurers insure not only your car, but your home, life, and health. Buy adequate coverage, but do not buy more than you need.
- **Comparison shop.** It pays to shop around. Prices for the same coverage can vary greatly. Research could save you hundreds of dollars a year.

- **Check insurance costs before you buy a new or used car.** Insurance costs are higher for vehicle makes and models that are expensive to repair or are frequently stolen. Your agent can assist you in getting the best value for your insurance dollar.
- **Take advantage of low mileage discounts**. Some insurance companies offer significant discounts to drivers who keep their annual mileage at or below certain levels. In general, the less you drive, the more you can save.
- **Do not pay cash**. Always pay the agent or insurer with a check, money order, debit card, or credit card. This will be proof of your payment.
- **Some insurers allow for electronic funds transfer arrangements (EFT)**. EFTs allow your insurer to automatically deduct your premiums from your checking account at certain times; be aware of your scheduled withdrawals if you choose to take advantage of this option.
- **Being a safe driver is the best advice on how to keep your premiums low**. Lower rates are paid by those who have a good driving record.
- **While the price you pay is important, buying the least expensive policy may not be a good idea**. Insurance sounding too good to be true probably is. However, looking only at benefits could result in paying a higher than necessary premium. You should consider the following when choosing a company and a policy:
    - Premium
    - Benefits, including any coverage exclusions or limitations
    - Service (what is involved in making a claim?)
    - Renewability (how easily can you be canceled?)
    - Financial strength and reliability of the company
    - Company management philosophy

Termination, Denials, and Cancellations

New Policies

When a policy first becomes effective, the insurer may cancel the policy any time within the first 59 days. Cancellation is not effective until at least 10 days after the insurance company mails or delivers to you a written notice of cancellation.

Renewal on Altered Terms

Sometimes an insurer will renew a policy but will raise rates or make terms less favorable to the insured. An insurer may not alter the terms of coverage until *45 days after notice is mailed to you. To be effective, the notice must be mailed or delivered before the renewal date. If the notice is given less than *45 before the renewal date, the new terms or premium increase will not become effective until *45 days have elapsed from the date the notice is given. These conditions do not apply if the only change is a rate increase of less than 25%. If the insurer fails to notify you of the new premiums or terms before your renewal date, the insurance company must continue your policy for an additional period equivalent to your expiring term and at the same premiums and terms of your expiring policy. [s. 631.36 (5), Wis. Stat.]

*60 days for commercial policies

Midterm Cancellation

A midterm cancellation is a cancellation occurring during the policy term and before the policy's expiration or renewal date. An insurance company can only cancel coverage during this period if the premium is not paid or if there is a substantial change in the risk assumed by the insurance company. The insurer must either mail or deliver to you a written cancellation notice. No cancellation is effective until at least 10 days after mailing or delivery of the notice, and it must state with reasonable precision the facts on which the insurer's cancellation decision is based. [s. 631.36 (2) (b) and (6), Wis. Stat.]

Nonrenewal

Nonrenewal of a policy refers to the termination of a policy at the expiration date. If an insurer decides it does not want to renew your policy, **it must mail or deliver to you a nonrenewal notice at least 60 days before the policy's expiration date.** The nonrenewal notice must provide the reason for nonrenewal. The insurer must also provide information in the notice on how to apply to the Wisconsin Automobile Insurance Plan for coverage. Under certain conditions, these plans offer auto insurance to people who are unable to obtain it in the voluntary market. [s. 631.36 (4), (6), and (7), Wis. Stat.]

If an insurer fails to provide notice before the expiration date, it must continue your coverage under the terms and premium of your prior policy for the term of the policy or one year, whichever is less. [s. 631.36 (4) (a), Wis. Stat.]

Anniversary Cancellations

This refers to a policy written for an indefinite term or for more than one year. These policies may be canceled on any anniversary date if the policies contain cancellation provisions. If your insurer decides to cancel your policy on an anniversary date, it must mail or deliver to you a written notice at least 60 days before the anniversary date; this notice must state with reasonable precision the facts on which the insurer's cancellation decision is based. [s. 631.36 (3) and (6), Wis. Stat.]

Anti-Discrimination Laws

There are statutes and rules protecting consumers from unfair discrimination in insurance policies.

- Insurers may not refuse to insure you or refuse to renew your policy based on sex. [s. Ins 6.55, Wis. Adm. Code]
- Insurers may not refuse coverage to a class of risks solely based on past criminal record, physical disability, past mental disability, age, marital status, sexual preference, "moral" character, or risk location. Insurers may not use these classifications to charge different rates without credible supporting information that must be filed with OCI.
- No insurer may cancel or refuse to issue or renew an automobile insurance policy wholly or partially because of one or more of the following characteristics of any person: age, sex, residence, race, color, creed, religion, national origin, ancestry, marital status, or occupation.

Some of these classifications may be used by an insurance company if its experience supports differences in losses from these classifications. [s. 632.35, Wis. Stat., and s. Ins 6.54, Wis. Adm. Code]

An insurer may not refuse, cancel, or deny coverage solely because of a past criminal record, physical or developmental disability, past mental disability, age, marital status, sexual preference, or "moral" character.

Problems with Your Insurance Company

If you are having a problem with your insurance company, you may want to first contact your agent or the company. If you do not get a satisfactory outcome from the agent or company, contact OCI. An online complaint form is available at oci.wi.gov/complaints.

The more complete and accurate information you provide, the more likely it is your problem can be resolved. Be sure you have included the correct name of the insurance company your complaint is about. Many companies have very similar names. Listing the wrong name may delay the investigation of your complaint.

Before signing an application for any insurance coverage, verify the company and agent you are dealing with are licensed in Wisconsin. Licensing information about agents and companies can be found using the Look Up tool on OCI's website oci.wi.gov or by calling 1-800-236-8517.

It is illegal for unlicensed insurers to sell insurance. Business cards are not proof of a licensed insurance agent or company. If you do business with an unlicensed agent or company, you have no guarantee the coverage you pay for will ever be honored. If you purchase insurance from companies not legally doing business in the state, you will not be protected by the Wisconsin Insurance Security Fund should the company fail.

If an unlicensed agent or company contacts you, call OCI immediately so regulatory action can be taken. By doing so, you may protect someone less knowledgeable than you from being victimized.

OCI investigates complaints to determine if any insurance laws or rules have been violated. If any laws or rules have been violated, OCI will proceed with disciplinary action. Penalties include suspension or revocation of licenses or fines. OCI usually cannot settle a factual dispute; disputes based on a question of fact may have to be pursued through small claims court or with an attorney.

If you are not satisfied with the service you receive, contact your insurer or agent. The following industry associations may also help:

Independent Insurance Agents of Wisconsin
725 John Nolen Drive
Madison, WI 53713
(608) 256-4429
iiaw.com

Professional Insurance Agents of Wisconsin
725 Heartland Trail Ste. 108
Madison, WI 53717
(608) 274-8188 or 800-261-7429
piaw.org

Community Insurance Information Center
5205 North Ironwood Rd. Suite 105
Glendale, WI 53217
(414) 291-5360
www.insuranceinfo-ciic.org/

Automobile Insurance Quotation Worksheet

Rating Information

	Age	Sex	Marital Status	% Use of Car
Principal Operator				
Other Driver(s)				

Annual Mileage: _____

Number of Miles (One Way) if Driving to and From Work (Every Day): _____

Number of Accidents or Moving Violations in the Last 3 Years:

_____

List on a separate sheet. Use date of conviction for violations.

Type of Auto(s)	Make	Model & Year
Auto One		
Auto Two		

Insurance Quotes – Semiannual Premiums

		Company One	Company Two	Company Three
Liability Limits Bodily Injury: Bodily Injury: Property Damage:	 _____ per person _____ per accident _____ per accident			
Uninsured Motorist Bodily Injury: Bodily Injury:	 _____ per person _____ per accident			
Underinsured Motorist Bodily Injury: Bodily Injury:	 _____ per person _____ per accident			
Physical Damage to Insured Vehicle Comprehensive: Collision:	 _____ deductible _____ deductible			
Other Coverages				
Total Semiannual Premium				