

Note: UM is Uninsured Motorists Coverage & UIM is Underinsured Motorists Coverage.

1. **Will the required coverages for increased liability limits, UM and UIM and the removal of anti stacking and reducing clauses, require renewal with altered terms notices under s. 631.36(5), Stats?**

No – The renewal with altered terms notice is not required for the Act 28 law changes that result in changes to the insurance contract (e.g., increase in UM/UIM limits, stacking up to three limits, increase in med pay limits) because the renewal is not “on less favorable terms.” However, a renewal with altered terms notice is required if the changes increase the premium 25% or more. The notice is required even though the basis for the increase in premiums is the statutory changes that are not “on less favorable terms.”

2. **How can forms be filed for the Act 28 changes?**

OCI, on a one-time basis in connection with the implementation of the Act 28 changes, will not take enforcement action if insurers use forms to comply with Act 28 that have been properly filed (including a properly executed certificate of compliance) with the OCI but on which the 30-day period has not yet expired and the changes in the form do not become effective until at least 30 days after filing. For example, if an insurer filed a form that was then immediately sent to policyholders with a 60-day renewal with altered terms notice to be effective on renewal, the OCI will not take enforcement action for early use of the filed form because the form's effective date is more than 30 days from the filing date.

Note: As with all filings, insurers will need to certify that the submitted form is in compliance with Wisconsin law and, as always, OCI may subsequently take action to disapprove the form or other appropriate administrative action if the form does not comply.

3. **How can the medical payments offer be made?**

Insurers must offer the new med pay limit of \$10,000 to insureds who have previously rejected the coverage or who have med pay coverage at less than \$10,000. The offer may be on a negative enrollment basis at renewal with an explanation of the coverage, the cost, and a reasonable period during which the insured can reject the coverage. The statute does **not** state that the rejection of medical payments coverage must be in writing. Providing 30 days for the insured to reject the coverage appears reasonable. If the insured has not rejected the offer within the 30-day period and has not paid the premium, the insurer may take appropriate steps to cancel the policy for nonpayment of premium.

4. **How does Act 28 apply UM/UIM to commercial policies?**

Section 632.32 changes apply to commercial policies offering auto coverage.

5. **Can the offer of UM/UIM in an umbrella/excess policy be done with a negative enrollment:**

The offer of UM/UIM coverage may be on a negative enrollment basis in the same manner as for med pay coverage as indicated in FAQ 3, above except that a written rejection is required. As with med pay, providing 30 days for the insured to reject the coverage appears reasonable.

6. **What limits must UM/UIM Umbrella/Excess offer?**

UM/UIM must be offered on umbrella/excess policies. The insurer must include limits of not less than \$100,000/\$300,000, unless the insured supplies a written rejection of the coverage. Insurers are not required to offer UM/UIM limits that equal the umbrella/excess policy's liability limits.

**7. What can the underlying limits requirement be for UM/UIM in the umbrella/excess offer?**

The Act 28 changes do not limit what insurers can require as underlying UM/UIM limits. Those limits could be higher than the UM/UIM minimum mandatory limits of \$100,000/\$300,000. However, if the underlying limits requirement for UM/UIM is not met, the insurer must refuse to write the umbrella/excess policy entirely; it cannot refuse to provide only the UM/UIM coverage.

**8. In an umbrella/excess policy, can an insurer require that both UM & UIM be purchased together rather than each separately?**

Under the statutory language, insurers cannot offer UM/UIM as a single coverage in Umbrella/Excess policies but must offer each separately.

**9. Can the UM/UIM in an umbrella/excess policy be stacked?**

The new stacking provisions are sufficiently broad to include the UM/UIM provisions in umbrella/excess policies.

**10. What are the UM/UIM primary auto limit requirements?**

Each auto, whether under separate policies or one policy, must be insured for the minimum UM/UIM limits of \$100,000/\$300,000.

**11. What are the effective dates for the minimum liability limit increase?**

All SR-22 policies must have the minimum limits of \$50,000/\$100,000/\$15,000 effective on January 1, 2010. Auto policies not issued to meet Wisconsin's financial responsibility requirements are not required to have the \$50,000/\$100,000/\$15,000 limit until June 1, 2010 (the effective date of compulsory auto). Insurers may wish to give their insureds the option to increase the limit on those auto policies that are less than the \$50,000/\$100,000/\$15,000 minimum coverage required of all policies on June 1, 2010, and thereafter as of January 1, 2010, so that all policyholders are assured of meeting the financial responsibility requirements if they are in an accident.

**12. Can the new minimum liability limits be required of insureds using a mandatory endorsement?**

Insurers cannot mid-term endorse a policy to include the increased limits, charge a premium and then cancel the policy if the premium is not paid if the increased limit requirement is not yet effective. For example, insurers cannot, by endorsement, effective January 1, 2010, increase the liability limits on all auto policies to \$50,000/\$100,000/\$15,000, charge a premium and then mid-term cancel the policy if the premium is not paid because the law's effective date for all but SR-22 policies is not until June 1, 2010. Insurers may make a mid-term offer to increase the limits, but the insured must accept the offer.

**13. How can medical payments coverage stack?**

The new law changes do not prohibit insurers from including anti-stacking language applying to medical payments coverage for insureds while using a motor vehicle. The only prohibition of anti-stacking language for medical payment coverage applies to those instances where the person is not using a motor vehicle.

**14. Can insurers offer a discount for insureds with prior insurance?**

Insurers could employ a rating plan that applies discounts for applicants that had prior insurance.