

WHAT EVERY PERSON NEEDS TO KNOW ABOUT AUTO INSURANCE

By: Attorney Steven T. Caya

Have you ever read your auto insurance policy? If not, you are not alone. If you have read it, do you understand what you have purchased? If you don't, you are not alone either.

Most people who own motor vehicles purchase insurance to cover the vehicle either through an agent or, in more recent years, directly from insurance carriers via the internet. Unfortunately, many agents and insurance representatives do a poor job of explaining to their customers the meaning of certain policy provisions. In addition, agents and insurance company representatives often fail to adequately advise customers of the type of insurance they actually need to protect themselves in the event of an accident.

Individuals have different insurance needs based upon their age, marital status, financial status and a host of other factors. A 20 year old single male with no dependents and few assets has different insurance needs than a 42 year old married father of two who owns a home. The purpose of this article is to give you a general summary of key insurance policy provisions and recommendations to you in terms of the type of coverage you need to protect you, your family and your family's assets in the event of an accident. Therefore, as to any individual's insurance needs, care must be taken to properly analyze each person's situation. Specific questions regarding insurance needs can be directed to the undersigned free of charge.

Insurance law is an extremely complex area. Each state has its own rules that pertain to minimum insurance requirements and how policies are interpreted. Often times, different states have different interpretations of the very same policy language. The focus of this article will be insurance as interpreted by Wisconsin law. This particular article is not meant to be an exclusive summary of every facet of insurance law in Wisconsin. Questions concerning particular policies and their provisions can be directed to the undersigned.

So let's take a brief look at what you should know as a motorist concerning your insurance policy as well as your insurance needs.

Wisconsin Requires That Owner/Operators Of Motor Vehicles Prove Financial Responsibility.

Wisconsin law does not require you to purchase insurance for your car. What Wisconsin law does require is that you show financial responsibility in the event that you are involved in an accident. How does someone show financial responsibility? There are various methods. You can file a bond with the Department of Motor Vehicles. You can deposit cash with the Department of Motor Vehicles to show financial responsibility or you can purchase insurance. Purchasing automobile insurance is the most often used method of showing financial responsibility in Wisconsin. Wisconsin, unlike many states, does not require most individuals to provide proof of insurance to obtain a driver's license or to register a vehicle. This explains why so many in Wisconsin are able to drive without any insurance. What is even more amazing is the frequency in which uninsured drivers are involved in accidents. Below, we will discuss how to protect yourself from the uninsured driver.

What Is An Insurance Policy?

An insurance policy can be defined very simply as a written agreement between you and your insurance carrier. In return for your paying a premium, an insurance carrier agrees to provide the coverages and protections set forth in the policy. Policies also contain a number of exclusions and definitions. These exclusions and definitions can be very difficult to understand. Moreover, there are various state statutes and legal opinions that also impact your insurance policy regardless of the actual language. Insurance companies themselves often provide inadequate information to the policy holder concerning what is or is not covered. If your insurance company denies coverage, they are obligated to provide you with an explanation in writing. Under such a circumstance, it may be appropriate to contact legal counsel to determine whether or not the insurance company's interpretation of the policy is correct.

What Are The Types Of Coverages Provided In Your Policy?

There are numerous coverages contained within your policy. Let me briefly outline the important coverage provisions and explain to you what they mean.

Liability Coverage

Liability coverage protects you in the event you are negligent in the operation of your motor vehicle and that negligence results in bodily injury or property damage to others for which you are legally obligated to pay. Under Wisconsin law, insurance carriers are not allowed to issue liability policies with less than \$25,000 in bodily injury limits. Property damage limits are typically separate from bodily injury limits. Property damage limits can be less than \$25,000.

What Protection Do You Get When You Purchase A Liability Policy?

In the event you are involved in an accident that results in bodily injury or property damage to another person, and that person alleges the accident was your fault, your policy creates a number of obligations on the part of your insurance company. The insurance carrier is required to hire a lawyer at their expense to defend you in any civil action brought against you. The carrier is also required to pay any and all costs the attorney may incur in defending any lawsuit brought against you such as hiring experts, conducting depositions, other investigative work, etc. The insurance carrier is also obligated to pay any settlement that may be reached with the third person up to the policy limits. If the case actually goes to trial, the insurance carrier is obligated to pay the attorney fees to prepare and try the case. The insurance carrier is also obligated to pay the jury verdict up to the policy limits. If after the jury verdict there is an appeal, the insurance carrier is also obligated to pay the attorney fees necessary to handle the appeal.

What Happens If The Settlement Reached Or Jury Verdict Is More Than The Policy Limits?

Under this circumstance, you are personally liable for the remaining balance. Under Wisconsin law, that injured party can pursue any and all of your assets to satisfy that verdict or settlement. This would include your home (with the exception of the first \$40,000 in equity), stock, pensions, bank accounts, retirement plans, land, trusts, etc. All of these assets are subject to attachment in varying degrees. In addition, the injured party has the ability to garnish your wages. Obviously, such a situation can have significant consequences to you, your family and your future.

What Individuals Have The Right To Bring A Claim Against You In The Event You Cause An Accident While Operating Your Motor Vehicle?

If while operating your motor vehicle you strike another motor vehicle operator, pedestrian, bicyclist or personal property, those individuals and/or the owner of that property have the right to make a claim against you. In addition, if that injured individual is married, that individual's spouse has the right to make a claim against you and your insurance policy based upon the impact the injury has had upon the marriage. In addition, if that injured individual has minor children, the minor children have the ability to make a claim against you for the impact the injury has had upon the parent/child relationship.

Does A Passenger In Your Car Have The Right To Bring A Claim Against Your Insurance Company As A Result Of An Accident That Is Your Fault?

Yes. If you are operating your motor vehicle and cause an accident that is your fault, your passenger has the right to bring a claim against your insurance company for damages. This is true even if the injured passenger is your spouse, child, girlfriend, boyfriend, etc. Under Wisconsin law, insurance carriers cannot exclude coverage for claims made against you by your spouse or family members.

What Types Of Damages Can The Injured Party Recover Against You?

When you cause an accident that results in injury to a third person or your passenger, there are a number of items of compensation the injured party can collect from your insurance company and, potentially, you. These damages would include medical expenses, wage loss, and any past and future pain and suffering. In addition, if it is shown that the individual will require medical care into the future, you and your insurance company could be potentially responsible for that as well. Moreover, if the individual was to sustain a loss of future earnings or reduced earning capacity, your insurance company and yourself are potentially liable for that item of damage also.

Under Wisconsin law, if as a result of an accident you cause the death of another person, including your passenger, there are certain caps that limit the amount of compensation the surviving family members can receive. Under Wisconsin law, if you cause an accident that

results in the death of another individual, and that individual is an adult, their surviving family members can only recover a maximum of \$350,000 for the death of that individual. That cap number does not apply to future wage loss, medical expenses, funeral expenses, and/or pain and suffering the deceased may have endured prior to death. In other words, the deceased family is entitled to \$350,000 maximum for the death plus any future wage loss, medical expenses, funeral expenses, etc.

If as a result of your negligence, a minor child is killed, Wisconsin law caps the damages recoverable for the death of that child at \$500,000. Again, the cap for the death of a minor child does not include medical expenses, funeral expenses, etc. In other words, family members can collect the cap amount plus the amount of the medical bills, funeral expenses, etc.

You should be aware that Wisconsin does not cap any figures for pain and suffering. Thus, individuals who endure pain and suffering prior to their death can receive whatever amount of money a jury awards for that item of damage. Similarly, individuals who are not killed in an accident, but sustain injury, need not concern themselves with any cap under Wisconsin law for pain and suffering. In serious accident cases, the amount of damages awarded for pain and suffering by juries can be substantial.

If You Injure Someone And They Have Health Insurance, Why Are You Liable For Their Medical Bills?

Under Wisconsin law, if you injure someone in an accident, including your passenger, and that individual incurs medical expenses that are covered by health insurance, that does not mean you are not responsible for the medical bills. Under Wisconsin law, there is a legal doctrine known as subrogation. Under the doctrine of subrogation, health insurers have the right to recover the amount of any medical bills they have paid on behalf of a party injured in an accident from the at fault party and their insurance company. The fact an individual has health insurance that covered the medical bills is not admissible before a jury and is not a factor that can be considered in reducing the injured party's damages. The same theory applies to wage loss if the injured party's wage loss was covered by a disability plan.

How Do You Know How Much Liability Coverage You Have?

Each policy issued in Wisconsin contains a page known as a Declarations Page. This page is typically at the front of the policy. This page usually identifies the coverages available and limits. If after reading the Declarations Page, you are still unclear as to what your limits are, you should contact your insurance agent. If you are still confused, contact the undersigned.

Your Declarations Page Indicates The Liability Limits Are 100,000/300,000 – What Does This Mean?

Many policies have what is known as a “split limit.” If your policy states there is a split limit, for example, 100,000/300,000, this means that your liability limits are \$100,000 per person and \$300,000 per accident. In lay person’s terms, this means that if you are involved in a motorcycle accident and you injure one individual, including your passenger, the policy limits available to protect you are \$100,000. Under a \$100,000/\$300,000 policy, the most any one injured person can collect is \$100,000. If that individual’s damages are worth more than \$100,000, you would be personally responsible. Under a \$100,000/\$300,000 policy, the most the insurer will pay in damages where multiple parties are injured is \$300,000.

By way of example, let’s assume you have a \$100,000/\$300,000 policy and two people are injured. If person A has damages equal to \$80,000 and person B has damages equal to \$60,000, your insurance policy will fully compensate both as each individual is collecting less than \$100,000 and the total payout is less than \$300,000.

Now, let’s assume a different scenario where as a result of your negligence, three individuals are injured, your passenger and two occupants of a motor vehicle. Let’s further assume that your passenger has damages equaling \$150,000 and the two occupants have serious claims equaling \$175,000 each. Under that circumstance, your insurance carrier would pay \$100,000 each to the three injured victims. Payment of the \$300,000 exhausts the per accident limit under the policy. You would be personally responsible for the remainder.

Your Insurance Policy Limits Are \$250,000, What Does That Mean?

Some insurance policies contain a single limit of liability. Assume your policy contains a single limit of \$250,000. Here, the limit of \$250,000 is the most your carrier will pay regardless

of how many claims are made. If you injure one person in a motor vehicle accident and their claim is worth \$250,000, they will get \$250,000 from your insurance company. If more than one person is injured, the limit the carrier will pay for those claims is \$250,000 in total. Each injured party does not receive a separate \$250,000 limit.

What If You Injure Someone While Driving Your Motor Vehicle Under The Influence Of Alcohol, Are You Covered?

Alcohol and driving are a bad mix. Injuring someone in an accident where you are at fault while under the influence of alcohol creates serious liability issues in addition to criminal issues. Your liability policy will cover you in the event you harm someone, a third person, passenger, etc. for certain items and damages. These items of damage would include pain and suffering, past and future medical expense, past and future wage loss and any claims that individual's spouse or family members may have against you.

Nevertheless, accidents where alcohol is involved also raise the possibility of a claim for punitive damages being made against you. Punitive damages are damages designed to punish certain conduct. Punitive damages are often sought and often awarded in drunk driving cases where injury results to others. The amount of punitive damages awarded by juries can be substantial especially for those with a history of multiple drunk driving convictions. It is the rare insurance policy that covers punitive damages. Most every policy issued in Wisconsin specifically excludes punitive damages from coverage. Therefore, if you cause an accident resulting in injury to others where alcohol is a factor, your liability policy will most likely not cover any award for punitive damages. You would be personally responsible. Punitive damages for drunk driving are not dischargeable in bankruptcy.

Can Health Insurers Deny Coverage For Your Medical Expenses If You Injure Yourself In An Accident While Under The Influence Of Alcohol?

You should also know that some health insurers are now issuing health plans that exclude coverage for medical expenses where the injured party was intoxicated at the time of the accident. With these types of policies, if you are operating your vehicle while intoxicated and are involved in an accident where you are injured, these types of plans arguably permit the insurance company to deny coverage for your medical bills. Obviously, this can be catastrophic.

Whether or not these provisions are allowed by law is still subject to debate. Such provisions have been allowed to stand in federal court in some cases pursuant to health insurance plans that are governed by federal law. Health insurers who are controlled by state law may have a more difficult time with such a provision, however, you should take care to review your health insurance plan to see if such a provision exists.

What If You Loan Your Car To A Friend And He Or She Is Involved In An Accident, Are You Covered Under Your Policy And Are They Covered Under Your Policy?

Any person operating your car with your permission is also covered under your liability policy. In addition, if that individual also has a liability insurance policy, that policy provides coverage to that individual as well. Under Wisconsin law, if you loan your car to another individual and they cause an accident which results in injury to a third person, you are not personally responsible for that injury claim except under very unusual circumstances. The claim could only be made against your insurance company, not you.

What Liability Limit Should You Purchase?

The liability limit you should purchase is dependent upon a number of factors, those factors include your age, your assets, your income, and certainly your ability to afford insurance. As I stated earlier, a single individual with no dependents, no assets who is not a homeowner, does not necessarily require the same amount of liability coverage as someone with dependents, substantial assets, etc. I feel strongly, however, that even young individuals with few assets should think hard about operating a motorcycle with anything less than \$250,000 in limits.

In my judgment, there is no individual who is employed, owns a home or other assets, who should have less than \$1,000,000 in liability coverage. I am amazed at how many home owners operate automobiles, motorcycles, etc., with \$50,000, \$100,000 or \$250,000 in coverage. Individuals with substantial assets but low liability policy limits are at risk of losing those assets in the event of a serious accident.

What Is Excess/Umbrella Coverage?

You should also know that in addition to your underlying liability limits, most insurers offer what is known as excess/umbrella coverage. This type of policy provides added protection to you in the event your underlying liability limits are exhausted by an injury claim being made against you. Excess/umbrella coverage is an excellent idea and is typically quite inexpensive in comparison to the cost of the underlying liability policy. Not all insurers offer excess/umbrella coverage. If your liability carrier does not offer this type of coverage, there is nothing that prevents you from purchasing an excess/umbrella policy from a separate insurer. In other words, the excess/umbrella coverage need not be from the same carrier. The typical excess/umbrella policy requires at least \$100,000 in underlying coverage before you can purchase such a policy. You should speak to your agent or directly to the insurance company regarding the availability of such coverage. Again, purchasing such coverage is an excellent idea.

What Is Medical Payments Coverage (Med Pay)?

Med pay coverage is available to every person who purchases vehicle coverage. In my judgment, med pay is a very underutilized benefit that most people do not take full advantage of when they purchase insurance. Med pay protects the operator of the car as well as any passengers on the motorcycle. Med pay covers the costs of reasonable and necessary medical care provided to you and/or your passenger regardless of whether the accident was your fault or not. The coverage must be used within three years of the accident typically and the limit for med pay coverage is usually spelled out in the policy on the Declarations Page. Most policies I see have limits between \$1,000 to \$10,000. In my view, this is not enough coverage.

Why do I think med pay is underutilized? Med pay to most people is an afterthought when they purchase the policy. However, med pay is a very inexpensive way to purchase good health insurance. Unlike the typical health insurance policy, your med pay has no deductible. Unlike your typical health insurance policy, you are not limited to receiving care from medical doctors within a certain group or network. In addition, the typical med pay policy obligates the insurance carrier to pay medical bills incurred due to an accident anywhere in the United States. This is a very important option for motorists who take long trips out of state. Many health insurers will not cover bills incurred out of state or out of network. Often times, health insurers

who do provide coverage for out of state medical bills, do so at a reduced rate leaving you responsible for the balance. It can be a real problem getting a Wisconsin health insurer to cover bills incurred for accidents out of state. Med pay alleviates that problem. Furthermore, many health insurers have co-pays or high deductibles. Med pay can be creatively used to pay the deductible in coordination with the health insurance. Med pay also covers many types of care often excluded by health insurers such as chiropractic care, acupuncture, massage therapy, etc. Med pay will also cover funeral expenses in the event of a tragic accident.

What Types of Med Pay Limits Do I Recommend?

I like to see med pay limits of at least \$25,000. However, in my judgment, at least \$50,000 to \$100,000 in med pay coverage is the optimum.

Uninsured Motorist Coverage

Uninsured motorist coverage protects you in the event you or your passenger suffer bodily injury due to the fault of an uninsured motorist. This coverage also applies if you are injured by a hit and run motorist who flees the scene. The typical uninsured motorist policy requires that the hit and run vehicle actually come in contact with your motorcycle in order for coverage to be triggered. Wisconsin law wisely requires that you carry uninsured motorist coverage. The number of individuals operating motor vehicles without insurance is staggering. UM coverage is one of the most important ways you can protect yourself and your family in the event you are involved in an accident involving an uninsured driver.

Note that in order for you to successfully make a claim under the uninsured motorist policy, the uninsured motorist must be at least 50% at fault for the accident. If you are more than 50% at fault for the accident, you are not entitled to collect under the uninsured motorist policy. Any passenger on your bike is also entitled to coverage under your uninsured motorist policy while a passenger. Please note that your negligence is not attributed to the passenger in your vehicle. If your passenger is injured as a result of the combined negligence of an uninsured motorist and you, your passenger would have the ability to make an uninsured motorist claim on your policy.

What Limits Do I Recommend You Obtain On Your Uninsured Motorist Policy?

Again, the amount of limits you should purchase can vary from person to person. If you are a single individual, with no dependents and few assets, lower limits may be appropriate but no lower than \$250,000. If you are married, or someone with dependents, employed and a homeowner, my recommendation would be to have at least \$1,000,000 in uninsured motorist coverage. One million dollars in coverage may seem like an astronomical amount, however, when you factor in potential medical expenses, long term disability and the impact a significant injury can have on your employment and ability to support your family, limits of at least that amount are the wise decision.

Underinsured Motorist Coverage

Underinsured motorist coverage is insurance you purchase to protect yourself in the event you are involved in an accident with a motorist who is at least 50% at fault for the collision who has low liability limits. Underinsured motorist coverage is not required by Wisconsin law but it should be. Underinsured motorist coverage is the single most underutilized insurance benefit I see in my practice. I cannot count the number of clients I have represented in serious accident cases who received pennies on the dollar for what their claim was actually worth because the at fault driver had low limits, no assets and my client had no underinsured motorist coverage. Why do people typically not purchase underinsured motorist coverage? In my experience, their agents advise them that it is not required under Wisconsin law and consumers presume, therefore, it is unnecessary.

Why Is Underinsured Motorist Coverage So Important?

Underinsured motorist coverage is vital because by purchasing adequate underinsured motorist coverage for yourself, you do not need to rely on luck to protect yourself in the event of an accident. What do I mean by luck? Certainly, being involved in an accident is not a fortunate event. However, if you do not have underinsured motorist coverage and you are struck by a motor vehicle with low limits, you will not be adequately protected. You will not receive fair compensation for your medical bills, wage loss, your injuries or your lost future earnings. However, if you yourself are proactive and take the steps necessary to protect yourself in the

event of a serious motorcycle accident, you will at least have the security of knowing that if you are involved in such an incident, you will not have to rely upon the good fortune of being hit by someone who has high liability limits to protect your future.

What Is An Underinsured Motorist?

You should know that underinsured motorist coverage is one of the most misunderstood coverages contained within your policy by both consumers and insurance agents. Part of the confusion relates to the fact that most consumers and agents do not understand what underinsured motorist coverage actually is. Most individuals believe underinsured motorist coverage is triggered if you are injured in an accident and the at fault driver's insurance limits are not sufficient to fully compensate you for your injuries. This is incorrect. The vast majority of underinsured policies issued in Wisconsin define an underinsured motor vehicle as a motor vehicle with liability limits less than the limits of your underinsured coverage. By definition, if the at fault driver's liability limits are equal to or greater than your underinsured limits, you do not have the benefit of the underinsured motorist coverage regardless of how much or how little you have received in compensation from the at fault driver. Let me give you an example of how this definition works for clarification.

Let's assume you have an underinsured motorist policy with \$100,000 in limits. Let's also presume that you are involved in an accident with an at fault driver who has insurance limits of \$100,000. Let's further presume that your injury claim exceeds the value of the at fault driver's \$100,000 policy limits. Do you have underinsured motorist coverage? The answer is most likely no. That is because as defined by your policy, your underinsured limits are not greater than the at fault driver's liability policy. They are exactly the same. Therefore, by your policy's definition you have not been injured by an underinsured motorist.

Now, let's change the scenario. Let's assume you have \$1,000,000 in underinsured motorist coverage and the at fault driver has a \$500,000 policy. Let's also presume that your injury claim is worth more than the at fault driver's liability policy. Under this scenario, do you have underinsured motorist coverage? The answer is most likely yes. Why? You would have the benefit of your underinsured motorist coverage because the at fault driver's liability limits of \$500,000 are less than the \$1,000,000 in coverage you purchased for yourself on your underinsured policy. Under this circumstance, you would receive \$500,000 from the at fault

driver's insurance carrier and then you would be allowed to make a claim against your own underinsured policy for the balance.

These scenarios show why it is important to have large limits on your underinsured motorist policy. If your limits are low, it is unlikely that you will ever be able to utilize that coverage despite paying a premium for it. Below I provide my suggestions relative to what your underinsured motorist coverage limits should be.

The Dreaded Reducing Clause

There is also a clause in almost every underinsured policy that you must be aware of called the reducing clause. The reducing clause is rarely mentioned by insurance companies and/or agents but this clause has a substantial impact on your underinsured motorist policy. What is a reducing clause? Virtually every underinsured motorist policy indicates that the policy limits of the underinsured coverage will be reduced by the amount of payments made to you by the at fault driver's insurance company. Unfortunately, reducing clauses have been upheld by both Wisconsin Courts and the Wisconsin Legislature.

What Is The Impact Of The Reducing Clause?

Let's take the scenario that we discussed above where you are involved in a motorcycle accident and the at fault driver who struck you has a \$500,000 liability policy. Let's also assume again that you purchased an underinsured motorist policy with \$1,000,000 in coverage. Let's further assume that your injury claim is actually worth \$1,500,000. Recall that in our scenario, the at fault driver's insurance company paid the \$500,000 in limits. You then pursued your underinsured motorist carrier for the balance. Unfortunately, the reducing clause means that your \$1,000,000 policy is actually reduced by \$500,000, i.e., the amount you received from the at fault driver. Thus, your \$1,000,000 policy is now actually a \$500,000 policy. If your case was worth \$1,500,000, you would only receive a total of \$1,000,000 in compensation, half from the at fault driver's insurer and half from your own insurer. You would be left without compensation for the remaining \$500,000. This seems unfair since you purchased \$1,000,000 in coverage but you don't get to use the \$1,000,000 in coverage. That is precisely the argument that has been made to numerous courts throughout Wisconsin to no avail. This also shows why

it is so important to purchase a substantial amount of underinsured coverage to further protect yourself.

Again, I cannot emphasize enough the importance of purchasing underinsured motorist coverage. It is the one factor that I see continually in my practice that determines whether or not individuals injured in serious accidents will be fairly compensated or not.

Does My Underinsured Motorist Coverage Apply to Passengers In My Vehicle?

Yes. If you are operating a vehicle with a passenger and the passenger is injured, your passenger also has the benefit of your underinsured coverage.

Are You Required to Exhaust The At Fault Driver's Policy Limits Before Making A Claim Against Your Underinsured Motorist Policy?

Under most policies issued in Wisconsin, you will be required to receive the policy limits from the at fault motorist prior to having the ability to make an underinsured motorist claim against your own policy. Most policies issued in Wisconsin now have specific provisions that indicate before the insurance carrier has a duty to address your underinsured motorist claim, you must first have received the policy limits from the at fault driver. In other words, if the at fault driver has a \$500,000 policy limit and you have a personal injury claim that you believe is worth more than \$500,000, you would be precluded from making any claim against your underinsured motorist carrier if you resolved the underlying case with the at fault driver's insurer for less than \$500,000.

You should also be aware that there are certain legal requirements in Wisconsin relative to protecting the underinsured motorist carrier's subrogation rights against the at fault party. This is a very technical area of underinsured motorist law, however, before you resolve any claim for policy limits with the hope of pursuing your own underinsured carrier, you should contact an attorney about the legal requirements that pertain to giving notice to the underinsured carrier. Under Wisconsin law, if the underinsured motorist carrier is not given sufficient notice of the policy limits settlement with the at fault driver, you may be precluded from bringing a claim against your underinsured carrier.

Collision Insurance

Collision insurance provides coverage for you if you collide with another vehicle or object. Typically, collision coverage will pay for the damage to your vehicle. Collision coverage usually involves some type of deductible often in the amount of \$250 to \$1,000. Collision coverage pays without regard to whether or not you are at fault for the incident or whether someone else is at fault.

Comprehensive Insurance

Comprehensive coverage pays for damages caused by some type of an event other than a collision. Such events would include vandalism, hail, theft, or fire damage. Typically, comprehensive coverage is also involved if you strike a deer. This type of coverage is usually involved if your vehicle is stolen as well. Like collision coverage, a deductible is often applied to comprehensive collision insurance.

Property Damage Settlements for Vehicle Damage With Your Insurance Company

You should also know that under Wisconsin law, if you make a property damage claim against your insurance carrier because of damage to your vehicle due to an accident, your insurance carrier is only obligated to pay the actual cash value of the vehicle at the time of the accident. The insurance company is not required to pay the amount of money you may still owe on the car nor is the insurance company required to pay for any extras or custom components you may have added to the vehicle. Individuals who suffer property damage to their cars are often upset to learn that the value they receive from the insurance company does not fairly compensate them for the amount of money they have actually put into the car or for the amount of money they may actually owe on the car. Unfortunately, under Wisconsin law, the insurance carrier is not required to make those payments.

You should inquire with your insurance agent, however, whether or not that particular insurance company offers coverage for loan/lease payoff. This coverage can protect you if your vehicle has been deemed a total loss but you owe more money to the lender than the vehicle is worth. In addition, certain insurers often offer custom parts or equipment coverage. This type of

coverage can provide additional protection for you relative to custom parts and components that you may have permanently installed to the vehicle after your purchase.

A Word About Sponsorship Liability

Under Wisconsin law, every sixteen year old who wishes to obtain a driver's license must have an adult sponsor sign the application for such person's license. You should be aware of Wisconsin Statute §343.15(2)(b) which states as follows:

Any negligence or willful misconduct of a person under the age of 18 years when operating a motor vehicle upon the highways is imputed to the parents where both have custody and either parent signed as sponsor, otherwise, it is imputed to the adult sponsor who signed the application for such person's license. The parents or the adult sponsor is jointly and severally liable of such operator for any damages caused by such negligent or willful misconduct.

What does this mean? What this means is that if your teenage driver causes an accident resulting in injury to others, you are as responsible for those injuries as if you had been driving yourself. This is true even if your child is the titled owner of the vehicle. Ownership of the vehicle is irrelevant to sponsorship liability.

From an insurance perspective, it is important, therefore, for the sponsor to understand that their insurance policy will cover them for their sponsorship liability. Given the odds of a teenage driver causing an accident, it is important for the sponsor to have sufficient insurance coverage to protect them.

Conclusion

This article gives you a very general and broad sense of important policy provisions in Wisconsin. Again, if you have questions or concerns regarding auto insurance, do not hesitate to contact the undersigned free of charge.

Thank you for taking the time to read this article.

About The Author

Attorney Steven T. Caya is a partner with the law firm of Nowlan & Mouat located in Janesville, Wisconsin. He has been practicing personal injury and insurance law for 19 years.

He graduated with honors from Hamline University School of Law in St. Paul, Minnesota in 1989. Prior to his returning to his hometown of Janesville to practice law in 2003, he was a partner in a Milwaukee law firm specializing in personal injury litigation. He is a board certified civil trial specialist and in 2006 was named a Wisconsin Super Lawyer by Milwaukee Magazine in the area of personal injury law. In 2008 he was named one of the top 100 trial lawyers in Wisconsin by the Association of Trial Lawyers of America.

If you have any questions concerning motorcycle insurance or other personal injury matters, he can be reached at 608-755-8100 or scaya@nowlan.com.

