☞ **95hr_AC-ISCP_ab0025_pt01**

☞

(FORM UPDATED: 08/11/2010)

WISCONSIN STATE LEGISLATURE ...
PUBLIC HEARING - COMMITTEE RECORDS

1995-96
(session year)

Assembly
(Assembly, Senate or Joint)

Committee on Insurance, Securities and Corporate Policy...

COMMITTEE NOTICES ...

- Committee Reports ... **CR**
- Executive Sessions ... **ES**
- Public Hearings ... **PH**

INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL

- Appointments ... **Appt** (w/Record of Comm. Proceedings)
- Clearinghouse Rules ... **CRule** (w/Record of Comm. Proceedings)
- Hearing Records ... bills and resolutions (w/Record of Comm. Proceedings)
  (**ab** = Assembly Bill) (**ar** = Assembly Resolution) (**ajr** = Assembly Joint Resolution)
  (**sb** = Senate Bill) (**sr** = Senate Resolution) (**sjr** = Senate Joint Resolution)
- Miscellaneous ... **Misc**

* Contents organized for archiving by: Stefanie Rose (LRB) (October 2012)

L&S Draft #1
012695

ASSEMBLY AMENDMENT ___

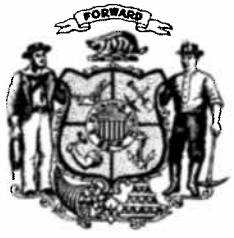
TO 1995 ASSEMBLY BILL 25

At the locations indicated, amend the bill as follows:

1. Page 3, line 5: before the period insert: "for the bodily injury or death for which such payment is made".

(end)


WISCONSIN STATE LEGISLATURE


FORWARD

WISCONSIN
CITIZEN ACTION

The State's Largest Independent Citizens' Lobby

TESTIMONY OF NANCY KRIFKA, PROJECT COORDINATOR

Before the Assembly Insurance Committee

February 1,1995

My name is Nancy Krifka and I am the Project Coordinator of Wisconsin Citizen Action. Wisconsin Citizen Action is the state's largest independent consumer organization, with 103,000 dues-paying family members and a coalition od 100 affiliated labor, senior citizen, religious, environmental, women's, and farm organizations. We are here today to speak against ~~SB-6~~ AB 25.

Wisconsin Citizen Action has long advocated for people who have been injured by drunk drivers, toxic dumpers, bad doctors and shoody products. Injured consumers are being made the scapegoats for so-called legal "reforms".

Presently, consumers pay separate premiums based on the number of vehicles they want covered. No one has any intent of buying more thank one UM policy. It is mandated by law. If a family insures two cars, it must buy two UM policies; if they own three cars, three policies, and so on. Although UIM coverage is not mandated, it is generally sold as a package with UM protection.

Under current law for every premium paid, there is coverage available under that policy, in the event of an accident.

EXECUTIVE DIRECTOR Larry Marx
POLITICAL DIRECTOR Bob Hudek
FINANCIAL DIRECTOR Barbara Sambataro

MILWAUKEE
152 W. Wisconsin #308
Milwaukee, WI 53203
(414) 272-2562
FAX (414) 274-3494

MADISON
122 State St. #503
Madison, WI 53703
(608) 256-1251
FAX (608) 256-1177

NORTHEAST
[illegible] Ave.
Green Bay, WI 54303
(414) 496-1166

RACINE/KENOSHA
1840 Sycamore Ave. #1
Racine, WI 53406
(414) 632-5567
FAX (414) 634-7357

Using the purchase of buying two or more life insurance policies as an example. No one questions a beneficiary collecting on two or more life insurance policies. The insurer has an obligation to pay on each policy for which it has collected premiums. UM & UIM policies work the same and should continue to work in that manner.

What is being proposed with this legislation is the elimination of being able to collect on both policies. Using the life insurance example. If insurance companies proposed changes to only pay on one life insurance policy but continue to receive premium payments on both, consumers would be outraged. That is exactly the precedure being proposed today. Because "stacking" is an issue that consumers don't understand and don't fully realize their rights until they are injured, legislation can be rammed through with consumers not fully aware of the impact on them until it is too late.

For example, I own two cars. I pay $1.40 per month for $100,000 UM converage on each car. For a total of $2.80 per month for $200,000 coverage. I am involved in an accident with an UM resulting in $150,000 of medical bills. Under current law I am paid the $150,000 to cover medical bills by combining each policy. Under the proposed changes I would pay the same amount for the same coverage, but I would only beable to receive $100,000 to cover my medical bills even though I paid the same amount. I am out $50,000. Now, if my family is on the lower scale of income that lose would be even more devastating. There is no way my family would recover.

This legislation would be a "windfall" for the insurance industry. Insurance consumers would, quite literally, be robbed of premium dollars and robbed of coverage they have paid for.

Wisconsin Citizen Action believes that this legislation is anti-consumer and pro-insurance industry. Look at this legislation and ask yourselves, "is this fair to the consumer?"


FORWARD
E PLURIBUS UNUM

RJ A60P

MEMORANDUM

TO: Assembly Insurance Committee

FROM: Charles E. Stern
General Counsel
Wisconsin Mutual Insurance Company

RE: AB25

DATE: February 1, 1995

UNINTENDED CONSEQUENCES/OR EVERY DIME COSTS A DOLLAR

What follows is a compilation of actual cases from Wisconsin Mutual. The names have been changed to protect the guilty.

What happens in a case when UIM limits are stacked is people tend to get greedy and try to build up the value of their claim. They do this primarily by making outrageous claims and by hiring experts to say outrageous things about the value of the claim. Not only does that give them potential for the higher claim, but of course, it ends up costing the company and the other insured policyholders extremely high sums of money to defend against these claims.

For illustrative purposes, assume that our insured, Susie Wanna Win A Lottery, has an accident with an uninsured driver and is represented by Attorney I.L. Gitmine. In presenting Susie's claim, I.L. presents testimony from two chiropractors who say that Susie will need $20,000 in future chiropractic treatment over the rest of her life. This despite the fact that she is a four-year all conference leading scorer for the University of Milwaukee women's basketball team.

Despite the fact that Susie has never made more than $5.00 an hour or earned $7,000 a year, I.L. presents a "vocational" expert who claims that her earning capacity has been reduced by $15,000 a year times a 40-year working life that she can expect, for a total wage loss of over $600,000.

Susie claims she is entitled to payment for treatment for an upper respiratory disease that she acquired while waiting on the side of the road for the police to arrive.

And lastly, her doctor testifies (after meeting with I.L. prior to the hearing) that despite the fact his medical report says that she should talk with someone she feels comfortable with, possibly a

clergyman, and that people sometimes do have these types of problems and symptoms after an accident, and that she should be able to deal with them, that really now she needs three weeks on inpatient intensive pain clinic at a cost of $15,000+.

And perhaps Susie's brother, Freddie, also has a vocational loss claim from the same accident, where he thinks he is entitled to roughly $30,000 a year for his loss profits from his painting contracting business, for which, unfortunately, his brother who says he employs him as a subcontractor in his construction industry business, has no records, and poor Freddie has apparently never filed an income tax return in his life.

The question you have to ask yourself is if the attorney and insured did not believe that they had a long shot at "ringing the bell", would they be making these outrageous claims and spending the time and money to engage these outrageous "experts"? Now in response to these claims, the company needs to go out and hire their own chiropractic experts to refute the need for that ridiculous claim of future chiropractic care. We have to hire experts on economics, and an expert vocational rehabilitation consultant, and perhaps even an expert on upper respiratory diseases. The transaction costs of this relatively simple accident have now gone out of sight.

UM and UIM were intended to be simple, straight-forward coverages to help support insureds who are unlucky enough to be hit by an uninsured, or marginally insured, driver. They were meant to be settled quickly and reasonably. However, by allowing stacking, our Supreme Court has encouraged our insureds with the help of their attorneys to go all out in reaching for the brass ring. Unfortunately, that drives transaction costs into the stratosphere, as well.

CES/kh


FORWARD
E PLURIBUS UNUM

WISCONSIN LEGISLATIVE COUNCIL STAFF MEMORANDUM

One East Main Street, Suite 401; P.O. Box 2536; Madison, WI 53701–2536
Telephone (608) 266–1304
Fax (608) 266–3830

DATE: February 8, 1995

TO: REPRESENTATIVE SHERYL ALBERS, CHAIRPERSON; AND MEMBERS OF THE ASSEMBLY COMMITTEE ON INSURANCE, SECURITIES AND CORPORATE POLICY

FROM: Gordon A. Anderson, Senior Staff Attorney

SUBJECT: 1995 Assembly Bill 25, Relating to Stacking of Motor Vehicle Insurance Coverage and Drive-Other-Car Exclusions Under Motor Vehicle Policies

This memorandum provides background information on, and describes the provisions of, 1995 Assembly Bill 25, relating to stacking of motor vehicle insurance coverage and drive-other-car exclusions under motor vehicle policies. Assembly Bill 25 was introduced by Representatives Brancel, Albers, Brandemuehl, Kreibich, Foti, Hahn, Goetsch, Musser, Duff, Ladwig, Dobyns, Walker, Lehman, Schneiders, Ward, Kaufert, Urban, Johnsrud, Ainsworth, Owens, Ott, Gard, Handrick, Silbaugh, Harsdorf, Klusman, Freese, Krusick, Otte, Murat, Lazich and Seratti; cosponsored by Senators Huelsman, Schultz, Rude, Rosenzweig, Leean, Breske, Helbach, Ellis, Andrea, Buettner, Farrow, Zien, Fitzgerald and Panzer. The Committee will hold a public hearing on the Bill on ***Thursday, February 9, 1995, at 1:00 p.m., in Room 318 Southwest, State Capitol, Madison***.

A. CURRENT LAW

Current s. 632.32 (4), Stats., provides, in part:

> ...Every policy of insurance subject to this section that insures with respect to any motor vehicle registered or principally garaged in this state against loss resulting from liability imposed by law for bodily injury or death suffered by any person arising out of the ownership, maintenance or use of a motor vehicle shall contain therein or supplemental thereto provisions approved by the commissioner:

> (a) Uninsured motorist. 1. For the protection of persons injured who are legally entitled to recover damages from owners or operators of uninsured motor vehicles because of bodily injury, sickness or disease, including death resulting therefrom, in limits of at least $25,000 per person and $50,000 per accident....

Under the statute, an uninsured motor vehicle includes: (1) an insured motor vehicle if before or after the accident the liability insurer of a motor vehicle is declared insolvent by a court of competent jurisdiction; and (2) an unidentified motor vehicle involved in a hit and run accident [s. 632.32 (4) (a) 2, Stats.].

Therefore, every motor vehicle policy that covers a motor vehicle registered or principally garaged in this state must contain uninsured motorist coverage.

Underinsured motorist coverage applies to situations in which injury is caused by a vehicle which is insured, but the insurance on that motor vehicle is less than the limits of the underinsured motorist protection purchased. While uninsured motorist coverage requires that there can be no insurance that covers the party responsible for the accident, underinsured motorist coverage is applicable if the party causing injury has insurance, but the limits are below those provided by the underinsured motorist coverage.

Wisconsin statutes also provide, in s. 631.43 (1), Stats.:

> When 2 or more policies promise to indemnify an insured against the same loss, no "other insurance" provisions of the policy may reduce the aggregate protection of the insured below the lesser of the actual insured loss suffered by the insured or the total indemnification promised by the policies if there were no "other insurance" provisions....

1. Uninsured Motorist Coverage

In Leatherman v. American Family Mutual Insurance Company, 52 Wis. 2d 644, 190 N.W. 2d 904 (1971), a passenger involved in a 1965 accident with an uninsured motorist recovered from the host driver's uninsured motorist coverage. He then attempted to recover from his own insurer under his uninsured motorist coverage. His coverage contained a "reducing clause" through which any recovery under the uninsured motorist coverage of his policy would be reduced by the amount of uninsured motorist coverage paid by the driver's policy. The Wisconsin Supreme Court upheld the reducing clause and stated that it was not contrary to public policy.

Chapter 486, Laws of 1965, effective for policies issued or renewed on or after January 1, 1966, required insurers to offer uninsured motorist coverage, but the insured had the right to reject the coverage.

The same conclusion as in Leatherman was reached by the Supreme Court for an accident occurring after that law became effective [Scheer v. Drobach, 53 Wis. 2d 308, 193 N.W. 2d

14 (1972)]. Also, in an accident where an insured was covered by two policies that had uninsured motorist coverage, the coverage of the two policies could not be "stacked" [Nelson v. Employers Mutual Casualty Company, 63 Wis. 2d 558, 217 N.W. 2d 670 (1974).

Subsequently, Ch. 28, Laws of 1971, deleted the right of the insured to reject such coverage, effective on November 7, 1971.

In the 1975 Session, Ch. 375, Laws of 1975, a product of the Legislative Council's Insurance Law Revision Committee, created s. 631.43 (1), Stats., cited on page 2.

"Stacking" first became applicable to uninsured motorist coverage through Landvatter v. Globe Security Insurance Company, 100 Wis. 2d 21, 300 N.W. 2d 875 (Ct. App. 1980).

In Landvatter, the plaintiff was injured while a passenger in a vehicle that was involved in an accident with an uninsured motorist. Her damages exceeded $45,000. The vehicle in which she was riding was insured and the company provided $15,000 of uninsured motorist coverage. It paid that amount. The plaintiff was also insured under a policy issued by another insurance company which provided $30,000 of uninsured motorist benefits. That policy contained a "reducing clause." Under that clause, the amount payable by that insurance company would be reduced by amounts paid by the other insurance company's uninsured motorist coverage. In this case, since the second company's insurance coverage limit was $30,000, payment would be "reduced" by the $15,000 previously paid by the other insurance company.

The Court of Appeals held that s. 631.43 (1), Stats., must be read together with s. 632.32 (3) to permit the "stacking" of uninsured motorist coverage. Thus, the $30,000 of uninsured motorist coverage would be "stacked" on top of the $15,000 coverage previously paid by the first insurance company. The Court held that the "reducing clause" was prohibited under the statute.

Subsequent court opinions have extended the prohibition against "reducing clauses" to permit stacking in a situation: (a) in which an individual was covered by three separate policies, all of which were issued by the same insurance company [Tahtinen v. MSI Insurance Company, 122 Wis. 2d 158, 361 N.W. 673 (1985)]; and (b) in which the plaintiff paid separate premiums for uninsured motorist coverage on two automobiles that were covered by a single automobile insurance policy [Burns v. Milwaukee Mutual Insurance Co., 121 Wis. 2d 574, 360 N.W. 2d 61 (Ct. App. 1984)].

In Welch v. State Farm Mutual Auto Insurance Company, 122 Wis. 2d 72, 361 N.W. 2d 680 (1985), the Wisconsin Supreme Court concluded that a provision in an uninsured motorist section of an automobile policy that excluded coverage for accidents involving motor vehicles owned by the insured but not included in the policy was prohibited by s. 631.43 (1), Stats. [Such a provision is referred to as a "drive-other-car" exclusion.] The case involved an accident in which the Welch family was riding in a vehicle which had uninsured motorist coverage of $50,000 for each person insured and $100,000 for all injuries arising out of one accident. A second policy covered Mr. Welch's truck and provided identical uninsured motorist coverage. The insurance company paid its policy limits under the uninsured motorist coverage of the policy covering the first vehicle. The Welch's attempted to obtain payment under the uninsured

motorist coverage contained in the policy that covered the truck. The insurance company alleged that the policy terms covering the truck excluded from uninsured motorist coverage any bodily injury an insured sustains while occupying a motor vehicle owned by the insured or resident of the same household if such vehicle was not the motor vehicle set forth in the policy. The Court held that the "drive-other-car" exclusion which served to prohibit stacking of uninsured motorist benefits was prohibited by s. 631.43 (1), Stats. The Court stated, in part:

> We conclude the question is not what this court believes ought to be public policy; that question has been resolved by the legislature. Despite the dissent's protestations to the contrary, we conclude that the legislature clearly and unambiguously expressed its intent to avoid reducing clauses which attempt to prohibit the stacking of multiple policy coverages of uninsured motorist protection issued by the same insurer to the same insured through the express enactment of Wisconsin's stacking statute [Welch v. State Farm Mutual Auto Insurance Company, 361 N.W. 2d 680, 685].

In a recent decision, Carrington v. St. Paul Fire and Marine Insurance Company, 169 Wis. 2d 211, 485 N.W. 2d 267 (1992), the Court held that a provision in an uninsured motorist policy which limited maximum coverage for all damages resulting from a single accident, regardless of the number of covered automobiles or protected persons involved, violated the "other insurance" provisions of s. 631.43 (1), Stats., and was unenforceable. This decision was based on the determination by the Court that where the insurer had collected separate premiums for each of the insured's covered automobiles, the insurer had, in effect, issued separate policies for each automobile and the insured could not lawfully be prohibited from stacking insurance coverage. The Court found that the policy listed each automobile separately, indicated the level of coverage for each and indicated by a checked box that each vehicle had both liability and uninsured motorist coverage. The Court stated that the policy itself indicated that the uninsured motorist coverage attached to each vehicle separately:

> ...it is reasonable for the insured to conclude that the additional premiums applied to uninsured motorist coverage.... In the absence of an express statement in the policy that a single premium is charged for uninsured motorist coverage for all covered autos, we hold that it is reasonable for a named insured to expect the coverage is stackable... [Carrington, 485 N.W. 2d 267, 273].

2. Underinsured Motorist Coverage

Underinsured motorist coverage is a comparatively recent development and is not mandated by Wisconsin insurance law.

The Supreme Court held, in Kaun v. Industrial Fire and Casualty Insurance Company, 148 Wis. 2d 662, 436 N.W. 2d 321 (1989), that "the amounts payable" from an underinsured motorist provision are to be measured against the insured's total damages. Although a "reducing clause" is permissible under s. 631.43 (1), Stats., the Court held that the reducing clause will reduce the underinsured motorist benefits by subtracting from the total damages sustained by the

insured the amount received by the insured from the underinsured driver's liability policy. Thus, where an individual had $50,000 of underinsured motorist coverage, the $15,000 of coverage provided by another insurer would not serve to reduce the amounts payable under the underinsured motorist policy. If it had been permitted, the insurer would have paid only $35,000 ($50,000 minus $15,000). The Court stated in such case the insurer would not be providing the $50,000 of underinsured motorist benefits it indicated it would pay on the declarations page of its policy.

In Wood v. American Family Mutual Insurance Company, 148 Wis. 2d 639, 436 N.W. 2d 594 (1989), the Court held that s. 631.43 (1), Stats., applies not just to coverages mandated by law, but applies to underinsured motorist coverage. The Court determined that the ability to "stack" insurance coverage does not depend on whether or not the insurance coverage is statutorily mandated. It held that the ability to stack insurance coverage depends solely "on whether the two or more policies at issue promise to indemnify the insured against the same loss." The Court held that a "drive-other-car" exclusion contained in the underinsured motorist policy is invalid and unenforceable under s. 631.43 (1), Stats., and that the insured was entitled to "stack" the underinsured motorist coverage on his two cars. Furthermore, although the Court agreed that the "reducing clause" in the underinsured motorist provisions of each policy was valid and was not prohibited by s. 631.43 (1), Stats., it found that the language in the reducing clause in each underinsured motorist policy was ambiguous.

The Court determined that because $100,000 of underinsured motorist coverage was provided in each policy issued and the injured party had suffered damages in excess of $225,000, that the insurer would not be allowed to offset its $100,000 liability to the respondent under each policy by the $25,000 paid by the insurance carrier for the negligent party. The Court stated:

> In conclusion, we hold that the "drive-other-car" exclusion in a UIM [underinsured motorist] provision is invalid and unenforceable under s. 631.43 (1), Stats. In addition, we hold that the reducing clause in the UIM provision of each insurance policy at issue in this case does not reduce UIM benefits recoverable under the policy's limit by the amount received by the insured from the underinsured driver's liability policy. Rather, the "amounts payable" from each UIM provision in this case are measured against the insured's total damages, and the reducing clauses reduce UIM benefits by subtracting from the total damages sustained by the insured the amount received by the insured from the underinsured driver's liability policy [Wood, 436 N.W. 2d 594, 601].

In West Bend Mutual Ins. Co. v. Playman, 171 Wis. 2d 37, 489 N.W. 2d 915 (1992), the Wisconsin Supreme Court stated that: (a) Wood v. American Family Insurance Company (discussed above) had abolished the distinction between uninsured and underinsured coverage and that s. 631.43, Stats., applies to both types of coverage; and (b) the holding in Carrington v. St. Paul Marine Insurance Co. (discussed at page 4) would be extended to cases involving stacking of underinsured motorist coverage. The decision invalidated a provision in an insurance policy that attempted to limit recovery to the amount of underinsured coverage for one

vehicle, although three vehicles were insured under the policy with a separate premium for each vehicle.

B. PROVISIONS OF 1995 ASSEMBLY BILL 25

1995 Assembly Bill 25 amends s. 631.43 (3), Stats., to provide that the prohibition contained in s. 631.43 (1), Stats., does not affect an insurer's right to limit or reduce coverages as provided under s. 632.32 (5) (f) to (j), Stats., as created by the Bill.

Section 632.32 (5) (f), Stats., as created by the Bill, permits motor vehicle insurance policies to prohibit "stacking" of uninsured or underinsured motorist coverage or any other coverage, such as medical payments coverage, provided under the policies.

Section 632.32 (5) (g), Stats., as created by the Bill, authorizes a policy to provide that, for a person who is injured or killed in an accident but who is not using a motor vehicle at the time of the accident, the maximum amount of uninsured or underinsured motorist coverage that will be available to that person is the highest single limit of uninsured or underinsured coverage, whichever is applicable, for any motor vehicle with respect to which the person is insured. For example, a pedestrian will not be able to accumulate the coverages applicable to a series of vehicles.

Under s. 632.32 (5) (h), Stats., as created by the Bill, a policy may limit coverage for medical payments for a person who was not using a motor vehicle at the time of the accident to the highest single limit of medical payments coverage for any motor vehicle with respect to which the person is insured.

Also, s. 632.32 (5) (i), Stats., as created by the Bill, permits motor vehicle insurance policies to reduce the limit that is payable for uninsured or underinsured motorist coverage for bodily injury or death by payments received from other sources, such as the amounts paid by a person who is legally responsible, the amounts paid or payable under the worker's compensation law and by amounts paid or payable under a disability benefits law.

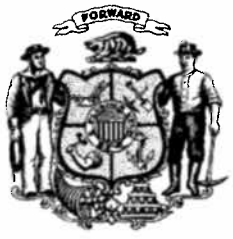
The Bill will also reverse the court decisions which have invalidated "drive-other-car" exclusions by providing in s. 632.32 (5) (j), Stats., that a policy may exclude coverage for losses resulting from the use of a vehicle that: (1) is owned by the named insured or a family member residing with the named insured; (2) is not described in the policy under which the claim is made; and (3) is not covered under the terms of the policy as a newly acquired or replacement motor vehicle.

The Bill will first apply to motor vehicle insurance policies that are issued or renewed after the effective date of the Bill. However, if a policy that is in effect on the effective date of the Bill contains any provision that is authorized by the Bill, the provision is enforceable with respect to claims that arise out of accidents that occur on or after the effective date of the Bill.

If you have any questions or I can be of further assistance, please let me know.

GAA:kjf:wu;wu;kja


WISCONSIN STATE LEGISLATURE


FORWARD

Wisconsin Counties Association

MEMORANDUM

TO: Honorable Members of the Assembly Committee on Insurance, Securities and Corporate Policy

FROM: Sarah J. Diedrick, Legislative Associate

DATE: February 9, 1995

SUBJECT: Support for Assembly Bill 25

The Wisconsin Counties Association (WCA) supports Assembly Bill 25 (AB 25) relating to stacking of motor vehicle insurance coverage and drive-other-car exclusions under motor vehicle policies.

Assembly Bill 25 overturns a series of Wisconsin appellate court decisions which have held that a motor vehicle insurance policy may not prohibit stacking of uninsured or underinsured motorist coverage. Wisconsin's counties and the Wisconsin County Mutual Insurance Corporation (WCMIC) support this legislative attempt to prohibit stacking.

Wisconsin's counties purchase liability insurance policies which include coverage for uninsured motorists. The majority of such policies contain reducing clauses which state that any amount payable under the uninsured motorists policy shall be reduced by all sums paid or payable under any workers' compensation, disability benefits or similar law. In essence, such clauses ensure that claimants are not compensated for the same damages under separate policies. For local governments then, reducing clauses allow insurance carriers to offset damages paid by other coverages which lessens the claims paid out under a coverage which, in turn, reduces the cost of the coverage for the local government. This has the effect of reducing taxpayer costs for insurance coverage for county employees.

Stacking of insurance coverages costs counties and their insurance providers thousands of dollars each year. Such cases are particularly prevalent in the area of law enforcement when sheriff's deputies are involved in auto accidents resulting from attempted apprehensions and the subject of the pursuit is, more often than not, uninsured. When the accident results in injury and the deputy is unable to perform the functions of his/her job, the deputy receives damages under workers' compensation. Allowing injured employees to receive damages under an uninsured motorist policy after they are made whole under a workers' compensation policy is simply duplicative and unnecessary.

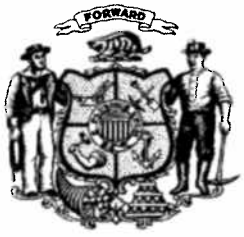
WCA respectfully requests your support for Assembly Bill 25. Thank you for considering our comments.

SJD/es

100 River Place, Suite 101 ◆ Monona, Wisconsin 53716-4016
608/224-5330 ◆ 800/922-1993 ◆ Fax: 608/224-5325

Mark M. Rogacki, Executive Director
Darla M. Hium, Deputy Director
Mark D. O'Connell, Legislative Director
Lynda L. Bradstreet, Administrative Director


WISCONSIN STATE LEGISLATURE


FORWARD

AMERICAN FAMILY INSURANCE GROUP
6000 American Parkway • Madison, WI. 53783-0001

Actuarial Division

February 9, 1995

Testimony on House Bill 25

By: Tom Ellefson, FCAS, MAAA
Actuary - Casualty Director
American Family Insurance Group

Good Afternoon. I am Tom Ellefson, I work for the American Family Insurance Group. My title is Actuary, Casualty Director. What that means is that I am in charge of developing rates for our automobile insurance products. I am a Fellow of the Casualty Actuarial Society, and a Member of the American Academy of Actuaries.

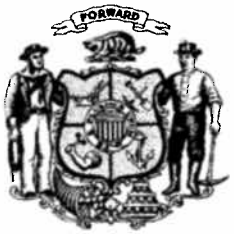
I have several points to make, and I will try to be brief. First is, over the long run, stacking has little impact on an insurance company's ability to make money on Uninsured Motorists or Underinsured Motorists coverages. That is, the cost of stacking uninsured and underinsured motorists coverages is merely passed through to all policyholders. It has little impact on a companies profitability, once we go through an adjustment period of catching up to the current law. Second, I believe it does promote a subsidy of multiple vehicle policyholders by single vehicle policyholders.

Stacking is costly to our policyholders, and not common in surrounding states. Of the 12 other states that American Family operates in, only three allow for stacking of Uninsured Motorists coverage, Indiana, Missouri, and Nebraska. None of the 12 states allow for stacking of Underinsured Motorists coverage.

This additional exposure adds to the insurance cost for everyone of our auto insurance customers. I have estimated that stacking adds 10% to the cost of our uninsured motorists coverage, and 25% to our underinsured motorists costs.

With this information, I ask for your consideration in passing House Bill 25.

WISCONSIN STATE LEGISLATURE



Sentry Insurance

February 9, 1995

Sentry Insurance A Mutual Company
1800 North Point Drive
Stevens Point, WI 54481

715 346-7168
FAX 715-346-7028

MEMO

TO: Representative Sheryl Albers, Chair
Members
Assembly Committee on Insurance, Securities, and Corporate Policy

FROM: Lee Fanshaw, Government Relations Manager

RE: Assembly Bill 25, Anti-Stacking

On behalf of Sentry Insurance, I urge you to support Assembly Bill 25. This legislation would return Section 631.43(1) of the Wisconsin Statutes to its original intent.

Presently, Wisconsin drivers are able to select the amount of Uninsured Motorist (UM) and Underinsured Motorist (UIM) coverage they feel is most appropriate for their needs. These types of coverage enable an insured person to collect for damages from an accident in which the at-fault driver has no insurance or insufficient limits to cover the damages. Uninsured and Underinsured Motorist coverage is sold on a per vehicle basis to allow for maximum flexibility. For example, individuals may select different levels of UM/UIM coverage on different vehicles if their type of use varies substantially.

Unfortunately, a series of recent Wisconsin Supreme Court decisions mandate the "stacking" of these coverages. This means that if a person has an accident involving an uninsured or underinsured motorist, he/she can automatically increase his/her coverage limits by adding in the coverage of other insured vehicles in the household, <u>even though the other vehicles were not involved in the accident.</u>

Wisconsin consumers currently benefit from reasonable auto insurance rates in comparison to many other states. However, if we continue to allow unintended coverages based on strained judicial logic, it won't be long before that affordability begins to erode.

Thank you for your consideration of this issue.


FORWARD

AMERICAN FAMILY INSURANCE GROUP
REGIONAL LEGAL DEPARTMENT – **MADISON OFFICE**
302 N WALBRIDGE AVENUE MADISON WI
MAILING ADDRESS: 6000 AMERICAN PKY MADISON WI 53783-0001
(608) 249-2111
DIRECT FAX: 608-243-4912

Bernard T. McCartan-Regional Counsel
Donald E. Schultz-Managing Attorney
Scott J. Seymour
Ronald A. Ritchie
Colleen J. Reinke
Rick L. Packard
William G. Rasche

February 9, 1995

Madam Chairperson and Members of the Assembly Insurance, Securities and Corporate Policy Committee:

My name is Bernard T. McCartan, and I am the Wisconsin Regional Claim Counsel for the American Family Mutual Insurance Company in Madison, Wisconsin. American Family is a Wisconsin based insurance corporation offering a full line of insurance products for individuals and businesses, including automobile liability insurance. In my position at American Family I am responsible for managing the Claims Legal Department in the State of Wisconsin. My department is responsible for handling all claim-related litigation involving the company and/or its insureds. We are also the principal legal advisors to the company's Claim Department concerning claim handling.

I am appearing before this Committee today to speak in favor of Assembly Bill 25.

In my more than 10 years as Regional Claim Counsel at American Family, the single legal issue which has taken and continues to take more of my time, and which has caused and continues to cause more contentious litigation at both the trial and appellate court levels than any other issue is that of "stacking."

Stacking first became a viable legal theory for recovery under multiple insurance policies following the 1975 revision of Wisconsin's insurance laws. In Landvatter v. Globe Security Insurance Company, 300 N.W.2d 875 (Wis. App. 1980), the court recognized sec. 631.43, Stats., as providing the legislative authority for stacking of uninsured motorist (UM) coverage. After a series of UM stacking and coverage cases was decided against the insurance industry, the court took the next step and allowed stacking of underinsured motorist (UIM) coverage in Wood v. American Family, 436 N.W.2d 594 (Wis. 1989), reconsideration denied 443 N.W.2d 314 (Wis. 1989). Landvatter and Wood are but the first of long lines of cases concerning UM and UIM stacking issues. There have been at least 50 Appellate Court cases in Wisconsin, both reported and unreported, making reference to sec. 631.43, Stats. (commonly referred to as the "stacking statute") since the 1980 decision in Landvatter. As we speak, stacking issues are still before the courts in Wisconsin. There are several UIM coverage and stacking issues presently before the Wisconsin Supreme Court. In addition, there are at least two cases involving stacking of liability insurance policies which are either in or on their way to the Wisconsin Court of Appeals.

All of this is the result of so-called "legislative intent" discovered by the Wisconsin Supreme Court in a statute which, according to the bill's drafter, was never meant to have that effect. In testimony offered before this Committee on February 24, 1993, Spencer L. Kimbel, former Executive Director of the Wisconsin Insurance Laws Revision Committee, stated that when revising the insurance laws in 1975, "the legislature had no intention about stacking. The issue did not arise." (Emphasis in original.)

I am speaking in favor of AB 25 today because I believe that it will provide an element of predictability and stability to Wisconsin insurance law which is currently lacking.

When a consumer buys an automobile insurance policy in the State of Wisconsin, the consumer is not asked whether he or she wishes to be able to stack the various types of coverages being purchased upon other similar coverages issued to other residents of the same household. A reading of the language commonly found in automobile insurance policies does not provide a hint that any of the coverages may be subject to stacking. Generally speaking, unless a consumer is aware of or is informed of the existence of sec. 631.43, Stats., and the way in which that statute has been interpreted by our courts, there is nothing in the insurance procurement process which would lead a consumer to believe that he or she is purchasing stackable coverage. Thus, it is submitted that the ordinary consumer has no expectation of such coverage at the time of purchase and is not making decisions on policy limits with an expectation that policies in the household may be stacked.

It is further submitted that under normal circumstances the average consumer does not learn of the possibility of stacking coverages until after a loss has occurred and he or she is told that coverages may be stacked, either by an insurance adjuster or by an attorney. In those cases, the stacking of insurance policies represents a windfall to the consumer who had no idea that he or she was purchasing such coverage at the outset. In point of fact, the coverage does not exist under the terms of any insurance policies issued in the State of Wisconsin. It exists purely by reason of the Wisconsin Supreme Court's application of sec. 631.43 in a manner never contemplated by the legislature which adopted the statute.

Over the last 15 years a large body of case law has been decided construing, applying and always further extending the reach of sec. 631.43, Stats. to additional coverages under auto liability policies. The drive has been spearheaded by plaintiff's lawyers who probably cannot be blamed for seeking ever expanding rights and avenues of recovery for their injured clients. The fact that one-third or more of the enhanced

recoveries ends up in the pockets of those lawyers provides a very significant incentive for creative argument in the unending drive to expand the reach of the statute. As indicated earlier, that drive continues unabated.

As presently constituted, AB 25 would establish clearly defined parameters for recovery under various types of coverage contained in automobile insurance policies. Essentially, an individual insuring a vehicle would have available to himself or herself all of the coverages issued on that vehicle. A person insuring more than one vehicle would have available the coverages on the vehicle involved in the accident. A person insuring more than one vehicle when injured as a pedestrian or as an occupant of a vehicle owned by someone outside of his or her household would have available to himself or herself the highest single limit of any applicable coverage on any policy he or she owned. Similar parameters would apply with respect to liability coverage. Passage of this bill would create a circumstance in which consumers would be able to pick up and read their automobile policies and determine what coverages they have and under what circumstances those coverages apply. They would not need to consult an insurance professional or an attorney or obtain and read lengthy appellate court opinions to make that determination. In the same fashion, it would also be easier for insurance claim adjusters to make coverage determinations and expeditiously settle claims because the uncertainity brought about by constant litigation on this subject would be ended.

For all of the above reasons I respectfully urge the Committee to approve AB 25 and send it to the full Assembly for action.

Bernard T. McCartan - Regional Claim Counsel
BTM/ja


FORWARD
E PLURIBUS UNUM

Wisconsin State AFL-CIO

CHARTERED 1958

6333 W. BLUEMOUND RD., MILWAUKEE, WISCONSIN 53213 PHONE (414) 771-0700 FAX (414) 771-1715

David Newby, President • Michael J. Paul, Exec. Vice President • Phillip L. Neuenfeldt, Secretary-Treasurer

TO: Members of the Assembly Insurance, Securities and Corporate Policy Committee

FROM: Phil Neuenfeldt, Secretary-Treasurer

DATE: February 9, 1995

RE: **Opposition to AB 25**

The Wisconsin State AFL-CIO is opposed to this bill because it limits the ability of the victim in an automobile accident to collect the coverage they have a right to expect in return for premiums paid.

It would allow insurance companies to prohibit adding together (stacking) two or more coverages insuring against the same loss to determine the limits of recovery for an insured. Despite the fact that the consumer has paid the premiums required for coverage, coverage would be denied. It is a strong anti-consumer proposal which shifts the burden of responsibility from the insurer to the victim.

The Wisconsin Supreme Court has ruled against previous attempts by auto insurance companies to prohibit "stacking" so the insurers want the Legislature to change the law, which has been in effect since 1975. We urge you to protect auto insurance consumers and accident victims and vote against AB 25.

PLN:JR/ep/opeiu #9 afl-cio


FORWARD
PLURIBUS UNUM

EXECUTIVE DIRECTOR:
Jane E. Garrott
44 E. Mifflin Street
Suite 103
Madison, Wisconsin 53703-2897
Telephone: 608/257-5741
FAX: 608/255-WATL

THE WISCONSIN STATE ASSEMBLY
COMMITTEE ON INSURANCE, SECURITIES & CORPORATE POLICY
February 9, 1995
HEARING ON ASSEMBLY BILL 25
AN ACT relating to stacking of motor vehicle insurance coverage and other drive-other-car exclusions under motor vehicle policies

TESTIMONY OF
John C. Peterson
on behalf of
THE WISCONSIN ACADEMY OF TRIAL LAWYERS

REPRESENTATIVE ALBERS AND MEMBERS OF THE COMMITTEE, my name is John C. Peterson. I am a practicing attorney in Appleton, Wisconsin and the President of the Wisconsin Academy of Trial Lawyers. I appear today on behalf of the members of the Academy in opposition to Assembly Bill 25, which calls for the elimination of "stacking" of uninsured motorist protection, more commonly called simply UM coverage, and underinsured motorists' protection, more commonly called UIM coverage.

There is a good deal of confusion regarding this coverage. I hope, in this testimony to answer the most asked questions about it and to examine the effect the passage of AB 25 would have on Wisconsin insurance consumers.

I must say in opening that I think a good deal of the confusion and anti-stacking sentiment stems from the use of the term "stacking" itself. Those who will benefit from its elimination have succeeded in framing "stacking" as a disparaging term. In the minds of much of the public — and unfortunately many legislators — there is something sinister or evil about the "stacking" of UM & UIM insurance coverages. That, of course, is nonsense.

As I'm sure you are aware, there are 2 types of insurance contracts. One is a liability contract — that's what we buy to protect ourselves in the event that we cause injury to someone. The other is an indemnity contract between the insurer and the insured. UM & UIM fall into the latter category. A separate premium is paid for that coverage, whether it is stated on the policy or not. Insurance consumers purchase it to provide protection for themselves, their children, and their spouses.

It's no different than buying two or more life insurance policies. When a beneficiary collects on more than one life policy, no one complains that the policies were "stacked." It's understood that the insurance company was merely paying obligations it assumed when it took premiums for multiple indemnity policies.

There is a profound lack of understanding of uninsured and underinsured motorist coverage. When an individual purchases automobile insurance, they purchase several different types of insurance: liability for bodily injury or property damage, comprehensive and collision, medical payments and uninsured and underinsured motorist coverage. Current law **mandates** that **all** auto insurance policies contain UM protection. If a family has 2 insured cars it automatically has 2 UM coverages. If 3, there are 3 UM coverages. Although UIM coverage is not mandated by law, insurance companies generally sell it as a package with UM protection.

Liability coverage focuses upon particular vehicles. It extends to any person injured and entitled to recover *as a result of the use of the motor vehicle named in the policy*. But uninsured motorist coverage *focuses upon people rather than vehicles*. Wisconsin's uninsured motorist statute, section 632.32 (4) (a), states, "For the protection of *persons injured* ... from owners or operators of uninsured motor vehicles ..." The uninsured motorist protection is therefore personal and portable and extends to the insured whenever and wherever she is injured. The injured need not have occupied a particular vehicle when the injury occurred, indeed she could be walking across the street, riding a bicycle or sitting in her living room. The coverage follows the insured, not the vehicle.

Some legislators have expressed the view that there would be nothing wrong with eliminating stacking, as long as consumers are properly informed that it is no longer available. In other words, since some insurers fail to advise insureds regarding what they have been sold — and, therefore, insureds don't understand their rights under the policies they purchase — its ok for the legislature to eliminate a coverage and allow insurers to keep charging for it. That is a "consumer be damned" attitude. And, in my judgment, the passage of AB 25 would amount to officially sanctioned theft.

Furthermore, continuing the life insurance policy analogy, if a legislator introduced legislation limiting coverage to a single life insurance policy no matter how many were bought and paid for, consumers would be outraged. That legislator would face certain defeat at the next election, especially if the insurer was permitted to continue to take premiums for the coverage that was no longer allowed. However, that is exactly what AB 25 would do with the elimination of stacking of UM and UIM.

Coverage would be limited to one policy, but there would be no reduction in premiums from current levels despite the fact, as the industry testified last year before this Committee, insurers will not reduce premiums below the levels they are charging with stacking allowed.

The passage of AB 25 would be a classic "windfall" for the insurance industry. There is no other way to characterize that result other than to say the insurance consumers in this state would, quite literally, be robbed of premium dollars and robbed of coverage they have purchased.

The insurance industry has had 15 years to establish an actuarily sound pricing basis for its UM and UIM coverage. It has in fact said that it has done just that. AB 25 coming at this late date would simply provide the insurance industry with a tremendous windfall.

While the coverage is inexpensive for the individual consumer, it's restricted use, as proposed in AB 25, would be worth millions more to insurers. That would be good news for Wisconsin insurers, which are already more profitable in our state than they are in other parts of the country. But it would be very bad news for Wisconsin insurance consumers.

Those are the facts, but proponents of this legislation have convinced a lot of people that stacking of UM & UIM coverages are merely a "get rich quick" scheme that allows injured parties to take insurers to the cleaners. It appears there are many legislators who believe that to be true. They obviously don't understand how stacking works.

Allowing the stacking of UM & UIM coverages can, at most, place the purchaser of the policies in the position he or she would have enjoyed had the uninsured or underinsured motorist who caused injury had sufficient insurance. There is no possibility of overcompensation or "windfall" for the injured party. "Stacked" coverages can not exceed the extent of the injuries suffered by a policyholder — or the extent of the applicable insurance coverage, whichever is less.

And then there is the often heard appeal to eliminate stacking to protect Wisconsin based insurers who also operate in other state markets. Aren't they damaged when stacking is allowed in their base state? It has no affect on the business of Wisconsin insurers in other states. However, it would be ironic if AB 25 became law and the many Wisconsin based insurance companies were allowed to deny stacking to its instate policyholders, while granting it to those they insure in other states — states, which, incidentally, are on average less profitable for those insurers.

Local insurance companies consistently receive a much better return on premiums in this state than they do in other states. The attached sheet shows how much more profitable automobile insurance is in Wisconsin than nationwide. Those and other Wisconsin based companies are well served in this state by our present laws. There is absolutely no reason to reduce benefits to their Wisconsin insureds.

The insurance industry has put up a smoke-screen to conceal those and other facts and to confuse legislators by claiming AB 25 is "merely a technical correction" — kind of a housekeeping item that should require little attention or thought. That is stretching the truth to the limit. No previous legislation of which I am aware permits insurers to keep charging for coverage that has been removed by law, as would be the case if stacking is struck down. That can hardly be considered a "technical correction."

Of course, the insurers could reduce premium charges commensurate with the loss of coverage from the disallowance of stacking. In fact an amendment to last session's stacking bill was offered in the Senate to correct that peculiar inequity. It would have required insurers to return the anti-stacking "windfall" to consumers. The amendment failed on a 17-16 vote.

I am aware that proponents of AB 25 rely heavily on the stacking arguments offered by Spencer L. Kimball, Professor Emeritus of the Chicago Law School. With all due respect to Dean Kimball's experience, his interpretations are not universally accepted.

A majority of state courts have disagree with Dean Kimball. I have brought a set of books which are written by an expert. Alan I. Widiss, Professor at Law at the University of Iowa who writes,

> "There is clearly a strong societal interest in assuring individuals who are injured in motor vehicle accidents a source of indemnification. ... The financial responsibility laws clearly attest to the importance accorded to assuring at least minimum levels of financial responsibility. The inadequacies of the financial

responsibility laws led initially to development of uninsured motorist coverage, and thereafter to underinsured motorist coverage. At this point, it seems the public would be well served by structuring the [uninsured and] underinsured motorist coverage so as to maximize — rather than minimize — the extent of protection afforded by the coverage and charge an appropriate premium for such insurance."

Judges rely on such well researched books to understand the law for the purposes of writing judicial opinions. These books are available at the state law library for judges, lawyers, legislators and the general public.

Dean Kimball contends stacking treats families with more cars differently than families with one car. That simply in not true. If a family has one car, they buy one UM and UIM policy. If another family owns three cars, they buy three UM and UIM policies. For example, in the first case, the family paid $24 for $150,000 coverage on one car. In the second case, the family paid $24 for $150,000 in coverage on each car spending $72. Dean Kimball is proposing that each family be limited to $150,000 in coverage if injured by an uninsured motorist even though the first family only paid $24 for coverage, while the second family paid $72 — three times the premium. That clearly is unfair.

In summary I think the strength of the case made by the proponents of this legislation lies in their ability to muddy the waters, to take advantage of the lack of understanding of this coverage, and to hide behind the public unfavorable perception of the term "stacking" itself. There is so little substance to their case that a defense of stacking would not be necessary if the public and our legislators were fully advised regarding how it works.

AB 25 should be rejected. Thank you.

Wisconsin Auto Insurers Have Consistently Lower Loss Ratios for Their Wisconsin Operations Than for Their Nationwide Operations

Loss Ratio:	The percentage of each insurance premium dollar paid out for losses.

Comparison of Loss Ratios for Major Wisconsin Auto Insurers

	1993		1992		1991	
Company	Nationwide	Wisconsin	Nationwide	Wisconsin	Nationwide	Wisconsin
American Family	80	61	80	60	83	69
State Farm	84	66	83	65	83	68
General Casualty	70	62	72	55	72	61
Heritage Mutual	68	54	66	50	64	48
Allstate Insurance	80	79	98	59	84	71
Secura Insurance	67	61	66	54	70	69
Sentry Insurance	80	63	80	59	81	62
Milwaukee Mutual	77	51	74	57	82	52

Source: Wisconsin Insurance Reports, Business of 1993, 1992 and 1991


FORWARD
E PLURIBUS UNUM

DALE W. SCHULTZ
Wisconsin State Senator

DATE: Thursday, February 9, 1995

TO: Assembly Committee on Insurance, Securities and Corporate Policy

FROM: Senator Schultz

RE: UNIFORM LAWS FOR VOLUNTEER FIRE COMPANIES

Chairman Albers and Committee members, thank you for the opportunity to testify before the committee today on this issue of importantce to several communities around our state.

LRB 171/1 brings the liability exposure for volunteer fire companies formed under chapter 181 into line with those formed under chapter 213.

Under current law, for fire companies formed under Chapter 213 there is a limit of $25,000 in damages for any action founded in tort. This amount would be recoverable from any volunteer fire company organized by a fire fighters association in any city or village, and from the officers, officials, agents and employees of that volunteer fire company.

Wisconsin Statutes Chapter 181 allows for another type of fire company. These companies are formed by of a group of persons not residing in a city or village that organize a volunteer fire company as a nonstock corporation. To their dismay they were informed in 1994 that as of May 1995 their policy would be canceled because of the lack of a statutory cap on liability.

LRB 171/1 before you today, sets the same limit of $25,000 for damages from a tort action against a nonstock corporation volunteer fire company, and the volunteer fire company's officers, officials, agents and employees, as is provided for volunteer fire companies organized in cities and villages.

As a certified volunteer fire fighter, I can personally attest to the need to equalize the statutory cap extended to companies organized under both Chapters 181 and 213. Our citizens who are served by the brave men and women of these companies deserve this. Without this change, some fire companies could go out of existence, and that would compromise safety.

Thank you for your consideration.

Member: Joint Committee on Finance

State Capitol, P.O. Box 7882, Madison, WI 53707-7882
OFFICE: 608-266-0703 • HOME: 608-647-4614
CALL TOLL-FREE: 1-800-978-8008


FORWARD
E PLURIBUS UNUM

MISHICOT TOWN MUTUAL INSURANCE COMPANY

FARM & HOME PROPERTY INSURANCE

440 EAST MAIN STREET
P.O. BOX 61
MISHICOT, WI 54228-0061
TELEPHONE (414) 755-2733

FEB 17 1995

February 15, 1995

Representative Sheryl K. Albers
P.O. Box 8952
Madison, WI 53708

File AB25

RE: Senate Bill 6 and Assembly Bill 25

Dear Representative Albers:

This letter is to request your consideration and support for Senate Bill 6 and Assembly Bill 25. Supreme Court rulings have changed the original intent of Wisconsin Statute Section 631.43(1) and will cost automobile insurance consumers millions of dollars in extra premiums each year.

These rulings allow coverages to be "stacked" on automobile insurance policies covering cars they own but are not involved in an accident when claims are made against the uninsured motorists and underinsured motorists limits.

I am sure you will agree that automobile insurance is a necessity which no one likes to pay high premiums for. The Supreme Court decisions will unnecessarily raise the cost of automobile insurance for everyone. Why provide a coverage that the consumer did not pay for, is not in the insurance contract, and that the consumer does not want to pay for? Your vote in support of Senate Bill 6 and Assembly Bill 25 would correct this problem.

Thank you for your time. Your consideration and support would be appreciated.

Sincerely,

Marlene Eslinger

Marlene Eslinger
Secretary-Treasurer

mle


FORWARD

WISCONSIN INSURANCE ALLIANCE

Legislative Summary: Senate Bill 2 (SB 2)/Assembly Bill 25 (AB 25)

COMPULSORY AUTO INSURANCE

Bill Content

SB 2/AB 25 would require all Wisconsin drivers to purchase auto insurance in order to drive.

Bill Intent

SB 2/AB 25 purports to respond to the fact that the incidence of uninsured drivers adversly affects the ability of those injured in accidents to recover losses.

Analysis

The real problem with SB2/AB 25, the "compulsory" auto insurance bills, is that they do not work. There will, for example, still be people who drive without insurance, just as there are people who drive now without licences. Similarly, the laws will not protect Wisconsin drivers against hit-and-run drivers, car thieves, or out-of-state drivers. And, there will be those who will comply with the letter of the law by purchasing insurance the day before they get licensed and, without violating the law, cancel it the day after they are licensed.

Experience in other states with legislation of this sort (e.g., New York, Massachusetts, Kansas, New Jersey and Idaho) also indicates that compulsory auto insurance laws are difficult and very costly to enforce.

Wisconsin, on the other hand, already has laws on the books that address the issues purportedly encouraging the introduction of SB2/AB 25. Existing Wisconsin laws require financial responsibility on the part of all drivers, and for 1991 the Wisconsin Department of Transportation (DOT) reported that less than 1.6% of all the accidents that occurred in that year involved drivers who were not financially responsible. DOT data further indicates that many drivers who are involved in uninsured motorist accidents are repeat offenders.

Effective January 1, 1993, Wisconsin has strengthened its financial responsibility laws to penalize the relatively small population of individuals who cause accidents and who don't make restitution.

Given the administrative and enforcement costs involved, the lack of protection against insurance dodgers, and the effectiveness of current Wisconsin statutes, it would seem to make more sense to allow Wisconsin's strenghtened financial responsibility laws to work rather than to pass unneeded, demonstrably ineffective new laws.

Recommended Action

Oppose. Allow Wisconsin's new strengthened financial responsibility laws to work.

For More Information Contact:
Eric Englund, *President*, Wisconsin Insurance Alliance
121 East Wilson Street, Madison, Wisconsin 53703
(608) 255-1749


FORWARD
E PLURIBUS UNUM

Ins Co must inform
policy holders —
amounts of underli
of availability of
under-insured —
Perception was that
many policy holders
were unaware of this
opportunity —

Court decision misconstrued
by intent allowed —
the attorney's fee is
typically 1/3 of what
might be recovered —
Stability Predictability

Confidential claims info.

Med Ex Board Exception -
Formal investigation -

One additional exception
creating by the rule -
risk management rule -
Request of Leg. Council -

Chapt. 146.

Risk Mangement Contractor -
Reduce risk to fund -
Warsaw Convs Co -

Level B - 72 teams Canada

Liability in
Co + manufacturer not
covered by liability +
immunity -

Likelihood of a claim would
be rare -
Some reluctance to create
team

Team are from multiple locations -

Insurance coverage not
available - Regional
Mitigation -

11. No insurance coverage

Agent of The state - not agent of The municipality - part of your fire dept could be responsible - Anyone

---

Peterson. Possible Haz Mat Coordinator For

Wood bury: DNR Probut The innocent party

Appleton has signed a contract -

Ben — AB25

Could die

Stacking of use

When you own more than 1 vehicle - have more than 1 Policy - leaves consumer & industry in action for support -

---

Original statute vague - allowed for interpretation by courts

68-72

Kimball - Premiums adjusted by the market - Distribution among policy holders + The cost

3 drivers –

3 families – 2

24

6 UM

6 UM

6 premiums 6 exposures

understanding

2 car family 200,000
or 400,000 2 premium

3 premiums 300,000 or
3 car family
900,000

9 units of
coverage

5 1,675,000

67 vehicles –
x 2,000 [illegible]

Kimball

1 car owner is
subsidizing the multiple
car owner

Liability / Indemnity

Life ins is a fixed sum policy

Fire ins is an indemnity

3 houses 300,000 value
each insured for 100,000

3X as much

Ziegl

Lasker

[illegible]-person with more gets
more – everybody gets the
same – everybody gets
what they bought

Why Need – Robson –
Problem is not prices –
Poor subsidizing rich

Underinsurance I

Personal/portable – annuities applicable only

Did you know you could stack – when you bought – if you had know stackers wasn't a part of the policy would have bought differently

Some underinsured –

Theyre ins company slow – Licensed in state company

You buy what you can afford – Forms

Ins exists to protect ones assets

Agent

State Farm – in Fla.

Here's the premium –

2 – 300,000
– 25,000 labor
275,000 $300,000

Drivers Ins –
State Farm Fla.

Prohibit current practice of combining coverages under uninsured + underinsured auto policies

To the average person but by an uninsured motorist who is driving a vehicle you review the amount of coverage you have on your ~~highest~~ vehicle —

average person who's walking — you get to pick the highest covered vehicle of those that you own

Current law — amt of unassured motorist you could by

A Cap on what could not exceed the amount liability

Every person can purchase as much uninsured as they wish —

Personal responsibility — Can buy as much uninsured as they wish —

Dottman - Agent - State Farm

copy of his statement

Cullen

Tendashein

- Ziegelhimer

Limits apply to a given car

You must be uninsured motorist coverage !

Tom Hankel 204.30
632.32

three under -

51 court cases -

3

15

What happens if you were insured

- health ins
takes care of medical

wage loss / pain & suffering
subjective -

Woody - Contract should prevail - company policy -
up to 9 - 1 vehicle per policy - depends on company - umbrella

It's a consumer ins.

Ins is a pooling —

Can't exceed

Was there

'75 rewritten —

15 years not standing

Case —

'80 First Case

UM focus —

Looked at —

Not a good law —

What are those —

Court decisions Increased the limits —

Is this risk rotable —

1 car
100,000

2 cars Double
400,000 Prem

3 cars 900,000
3x premium

6 x 25 =

$25 = 100,000

Single car household is playing proportionately more

No restrictions on underinsured

50 to 100's

~~60~~

We're on the hook for 1.4 million

adjust rates overall to attain the exposure

Actuary: know what your limits are —

age rated —

Consequences —
WI Academy of Trial Attys

Dowike

W/C Buddies —

c/3 c/4

State largest carrier

P&C

Lost more small carriers than large in WI

Risk Managers covers by the contract / breach — penalties —

1) Check Contract —

Add role open

note members as they arrive —

Jim Blair —

Eric England —

$15 million a year issue

¼ 8 per insured

Equity Barrier

Affordable

UM in excess of UI