

# All About - Car Insurance

## Mandatory Insurance Requirements

### Liability Insurance

Wisconsin law requires you to have liability insurance to help cover the costs of injuries or property damage you may cause to others in a car accident.

Minimum liability coverage limits in Wisconsin are typically shown as “25/50/10” or “\$25,000/\$50,000/\$10,000” meaning these are the maximum amounts an insurer will pay for three basic liability coverages:

- The first number (\$25,000) refers to the limit on **bodily injury** payments coverage per **person**.
- The second number (\$50,000) refers to the limit on **bodily injury** coverage per **accident** where two or more people have been injured.
- The third number (\$10,000) refers to the limit on **property damage** coverage per **accident**.

**Bodily Injury Liability Coverage** does not protect you or your car directly. If you cause an accident that injures other people, it protects you against their claims for medical expenses, lost wages, pain and suffering, and other losses, up to the policy limits. It usually covers accidents caused by a member of your family living with you or a person using your car with your consent.

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

## **Uninsured Motorist Coverage**

In Wisconsin you must also carry uninsured motorist coverage (UM) of at least \$25,000/\$50,000 to protect yourself and other passengers in your car if they are injured in an accident caused by an uninsured driver. Uninsured motorist coverage does not cover your property damage and does not protect the other driver.

## **Proof of Insurance**

Drivers are required to have proof of insurance with them. Drivers are also required to show proof of insurance at traffic stops/accidents upon demand by a police officer. This proof may be in either print or electronic format. If proof is displayed on your cell phone, this is not considered consent for the police officer to view any other content on your phone.

## **Penalties for Non-Compliance**

According to the [Wisconsin Department of Transportation](#):

- Drivers and owners who do not show proof of insurance at the time of the stop or accident may be fined up to \$10.
- Operating a car without insurance may result in a fine of up to \$500.
- Offering fake proof of insurance may result in a fine of up to \$5,000.

## **Optional Coverages**

### **Underinsured Motorist Coverage**

Underinsured motorist (UIM) coverage protects you if the at-fault driver doesn't have enough insurance to cover your injuries. The maximum amount you can receive is the difference between your UIM coverage limits and the at-fault driver's limits. Underinsured coverage is not required. However, if purchased, coverage limits of at

least \$50,000 per person and \$100,000 per incident are required.

## **Medical Payments Coverage**

This coverage pays medical or funeral expenses for you, or others injured or killed in an accident while riding or driving in your car. Medical payments coverage usually covers only those expenses not covered by health insurance, such as copayments and deductibles. This coverage will pay for your medical and funeral expenses even if you caused the accident. Usually, only expenses that arise within one year after the accident are included. Insurance companies must offer this coverage to you, but you do not have to buy it.

## **Physical Damage Coverage**

If you borrow money from a bank or other financial institution to buy your car, the lender will probably require you to purchase physical damage coverage to protect both you and the bank. “Collision” and “comprehensive” coverages, which are also known as physical damage coverages, pay for the repair or the actual cash value of your car regardless of who is at fault.

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

**Collision coverage** pays if your vehicle collides with an object, including another car (even in a hit-and-run), or if it overturns. Your insurer will pay for such damages even if the collision is your fault.

Caution: You should always review your specific policy - some collision coverage may be slightly different depending on the policy.

**Comprehensive coverage** pays for damage to your auto from almost all other causes such as fire, vandalism, water, hail, glass breakage, wind, falling objects, civil commotion, or hitting an animal. Damage from striking a deer is a relatively frequent accident in Wisconsin. Comprehensive coverage also pays if your vehicle, or parts of it, such as battery or tires, are stolen. Flood damage to your car is also covered.

Caution: You should always review your specific policy - some comprehensive coverage may be slightly different depending on the policy.

## **Lender Insurance Requirements**

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

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

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

Caution: You should always review your specific policy - some coverages may be slightly different depending on the policy.

# **SR22 Certificate (proof of insurance/financial responsibility)**

In certain circumstances, you may be legally required to provide proof of insurance or financial responsibility (SR22 certificate) to the DMV. Proof of insurance/financial responsibility means an SR22 certificate has been filed. This certificate proves that you have liability insurance in the amounts of at least:

- \$25,000 for death
- \$50,000 for personal injury
- \$10,000 for property damage

You must get an SR22 certificate through an insurance company licensed to do business in Wisconsin and then file it with the DMV. In some cases, substitutions (such as a bond from an insurance company or a cash deposit of \$60,000 posted with the DMV) may be accepted.

Proof of insurance (SR22) is necessary:

- To get an occupational license if your regular license is suspended or revoked.
- To reinstate a drivers license after it's revoked.
  - Proof of Insurance must be filed for three years from the date you are eligible to reinstate your driving privileges.
  - SR22 is not required after revocation if the only reason for revocation is Non-Compliance with Driver Safety Plan/Interview or first offense Operating While Intoxicated.
  - If, at any time during the three-year filing period, you wish to stop carrying SR22 proof of insurance and stop driving in Wisconsin, you can avoid paying the additional fees by surrendering your drivers license to the DMV before canceling the insurance while the SR22 policy is still in effect.
- To reinstate a drivers license after it's suspended if the suspension is a damage judgment or a suspension under the uninsured motorists/safety responsibility law.
- For drivers under the age of 18 in place of having a sponsor

Note: If you are filing an SR22 certificate instead of sponsorship, it's important that you tell the insurance agent you want to get insurance "in lieu of sponsorship" so that the agent understands the filing is not required because of a revocation or suspension of your operating privilege.

## **Credit Information**

An insurer may ask for your consumer credit information when writing new policies or renewing policies. Some insurance companies believe certain credit information relates to the frequency and severity of future claims.

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

Insurers may use credit information as one of the things they consider when deciding whether to offer personal lines of insurance. However, the Wisconsin Office of the Commissioner of Insurance says that insurers should not use credit information, whether they use credit reports or credit scoring mechanisms, as the sole reason to refuse an application, cancel a new insurance policy in its first 60 days of coverage, or for nonrenewal of an existing policy.

## **Termination, Denials, and Cancellations**

### **New Policies**

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

## **Renewal with Changed Terms**

Sometimes an insurer will renew a policy but will raise rates or make terms less favorable to you. An insurer may not change the terms of coverage until 45 days after a notice is mailed to you. To be effective, the notice must be mailed or delivered before the renewal date. If the notice is given less than 45 before the renewal date, the new terms or premium increase will not become effective until 45 days have passed from the date the notice is given. These conditions do not apply if the only change is a rate increase of less than 25%. If the insurer does not notify you of the new premiums or terms before your renewal date, the insurance company must continue your policy for an additional period of time equal to your expiring term and at the same premiums and terms of your expiring policy.

## **Midterm Cancellation**

A midterm cancellation is a cancellation that happens during the policy term and before the policy's expiration or renewal date. An insurance company can only cancel coverage during this period for:

- Unpaid premiums
- A large unexpected change in the risk taken on by the insurance company
- Material misrepresentation (lying or hiding key information on your application)
- Substantial breaches of your contractual duties

The insurer must either mail or deliver to you a written cancellation notice. No cancellation is effective until at least ten days after mailing or delivery of the notice, and it must clearly tell you the facts on which the insurer's cancellation decision is based.

## **Nonrenewal**

Nonrenewal of a policy refers to the termination of a policy at the expiration date. If an insurer decides it does not want to renew your policy, it must mail or deliver to you a nonrenewal notice at least 60 days before the policy's expiration date. The nonrenewal notice must tell you the reason for nonrenewal. The insurer must also

give you information in the notice on how to apply to the Wisconsin Automobile Insurance Plan for coverage. Under certain conditions, these plans offer auto insurance to people who are unable to get it in the voluntary market.

If an insurer fails to provide notice before the expiration date, it must continue your coverage, with the same terms and premium of your existing policy, for the same length of time as your existing policy was for or for one year, whichever is less.

## **Anniversary Cancellations**

This refers to a policy written for an indefinite term (no end date specified) or for more than one year. These policies may be canceled on any anniversary date if the policies have cancellation provisions. If your insurer decides to cancel your policy on an anniversary date, it must mail or deliver to you a written notice at least 60 days before the anniversary date; this notice must clearly tell you why the insurer is cancelling your policy.

## **Are insurers allowed to charge higher premiums based on age, sex, or marital status?**

Yes. For example, young, single male drivers generally pay more than any other group. Other factors that influence premiums include your location, your car, how you use your car (how often you drive, when and where you drive, the quality of your driving), and prior insurance coverage. However, insurers may not refuse to insure you or refuse to renew your policy on the basis of sex.

No insurer may cancel or refuse to issue or renew an automobile insurance policy wholly or partially because of one or more of the following characteristics of any person: age, sex, residence, race, color, creed, religion, national origin, ancestry, marital status, or occupation. Some of these classifications may be used by an insurance company if its experience supports differences in losses from these classifications.



# Safety Responsibility Law

Wisconsin has a Safety Responsibility Law to protect people who suffer damages in accidents caused by uninsured motorists who do not pay for damages or injuries they cause. The law requires any time a person is hurt, killed, or property damage exceeds \$1,000, the accident must be reported as soon as possible. You must file a Driver's Report of Accident within ten days with the DMV. If a police agency investigates the accident, the police will file this report for you.

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

## Insurance Complaints

If you have an issue with your insurance, the Wisconsin Office of the Commissioner of Insurance (OCI) may be able to help. If you aren't able to work it out with the insurance company, you can [file a complaint on the OCI website](#). If you have questions or have a problem filing your online complaint, you can call them at 1-800-236-8517.

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