



Press Release

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Governor Doyle stands up for consumers, Industry reacts with ridiculous claims

Insurance Industry Begins Campaign of Misinformation Designed to Scare Public

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Included in Governor Doyle's state budget are a series of pro-consumer changes to Wisconsin's automobile insurance laws referred to as "Truth in Auto Insurance" which largely reverses a series of changes made to the law in 1995 at the request of the insurance industry.

"It did not take long for the insurance industry to start making wild claims in an attempt to scare the public," said WAJ president Mark Thomsen. "Initially we heard reports in the capitol of 300% increases, then a short time later industry allies on talk radio were claiming 200% increases and now yesterday the claim is 33-43%, maybe if we wait a little while longer they will get to something closer to the truth."

"The insurance industry pushed for these anti-consumer changes in 1995, yet after they were enacted, rates never went down. How can they make such drastic predictions now?" asked Thomsen.

"The best interests of consumers will not be protected by letting the insurance industry make its own rules. They essentially got to do that in 1995 and the result is that thousands of Wisconsin consumers have been denied millions of dollars of coverage they paid for while the industry continued to make record profits year after year," continued Thomsen.

"Governor Doyle should be commended for standing up for the average consumer. These changes will protect individuals and businesses from financial disaster and in these tough economic times that's more important than ever," concluded Thomsen.

While most of the provisions of the proposal return the law to its pre 1995 state and help consumers receive the amount of coverage they believe they are purchasing, hence the Truth in Auto Insurance name. Insurance Industry Lobbyists may be reacting with inflated claims about the effect of increasing the limits of liability for injury in an auto accident from \$25,000/\$50,000/\$10,000 to \$100,000/\$300,000/\$25,000.

While providing no documentation, insurance industry lobbyists and their allies claim that this provision would drastically increase rates, but a review of the facts once again does not support these claims.

The Facts:

Auto insurance company quotes for this increased level of coverage do NOT back up the claims of their lobbyists. A sampling of a number of insurance companies showed only a modest premium increase if the consumer had elected to take this level of coverage when he/she purchased the policy. This modest premium increase provides for an additional 400% increase in coverage.

Married Couple - 60+ (Toyota Prius) - Madison - Integrity Insurance		
Monthly Cost*	\$35.16	\$40.00
Bodily Injury	25/50	100/30 0
Property Damage	25	100
Medical Payments	5	5
Uninsured Motorist	25/50	250/50 0
Underinsured Motorist	25/50	250/50 0

Married female, 31 - 2008 Toyota Scion - The Hartford Insurance - Wausau Area		
Monthly Cost*	\$48.33	\$51.00
Bodily Injury	25/50	100/30 0
Property Damage	10	100
Medical Payments	0	5
Uninsured Motorist	25/50	100/30 0
Underinsured Motorist	25/50	100/30 0

* Based on six month premium

Married Couple - 40 - 2 vehicles (2005 Ford Focus, 2006 Mini van) - Allstate Insurance - Madison Area		
Monthly Cost*	\$68.33	\$78.33
Bodily Injury	25/50	100/30 0
Property Damage	10	100
Medical Payments	0	5
Uninsured Motorist	25/50	100/30 0
Underinsured Motorist	0	100/30 0

Single Female 28 (2006 Hyundai) American Family Insurance - Milwaukee Area		
Monthly Cost*	\$72.16	\$81.48
Bodily Injury	25/50	100/30 0
Property Damage	10	25
Medical Payments	1	5
Uninsured Motorist	25/50	100/30 0
Underinsured Motorist	0	100/30 0

In addition:

- It is estimated that 30 to 40 percent of auto insurance policy holders already carry this higher level of coverage and would be unaffected by increased limits.
- These minimum levels of coverage have not been increased for more than 25 years; they no longer reflect the reality of increased medical costs that have occurred over that time.
- Low policy limits force those injured by others' actions, their health care providers, and often the taxpayers to make up the difference between the liability policy coverage and



actual costs, rather than holding the party responsible for the losses and damages accountable.

- Rates in Wisconsin have always been reasonable due to the very competitive insurance marketplace in Wisconsin. These same competitive factors will likely limit any increases even further.
- Additionally, the Office of the Commissioner of Insurance collects rates from a variety of insurance companies, including some at the 50/100 level of coverage and the 100/300 level of coverage. These rates are available for your review at http://oci.wi.gov/pub_list/pi-057.pdf.

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The Wisconsin Association for Justice is committed to standing up for consumers and will continue to work to provide factual information on issues important to consumers. WAJ knows that insurance industry leaders and lobbyists will say nearly anything to preserve their ability to make record profits at the expense of the consumer.

For more information on the Truth in Auto Insurance provisions visit: www.wisjustice.org.

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