

This booklet is designed to give you some of the basic information you will need to find your way through the auto insurance maze.

Wyoming Automobile Insurance Guide

Wyoming Insurance Department
106 East 6th Avenue
Cheyenne, WY 82002
(307) 777-7401
1-800-438-5768 (Wyoming only)

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CONSUMER AWARENESS IS OUR GOAL

Buying auto insurance is something that most of us do at some time in our lives, but many of us wonder whether we are getting the best possible deal. Auto insurance is somewhat complicated and with so many companies providing it, the choices can be bewildering. Knowing how much and what kinds of coverage we should have, our rights in dealing with insurance companies, what to do when we have a claim...these are all things that concern us as consumers.

This booklet is designed to give you some of the basic information you will need to find your way through the auto insurance maze. Since it is intended only as a general guide, it probably will not answer all your questions about auto insurance. If you have additional questions, please call, write or visit our office. We will try our best to answer your questions or help you with any problems you might have with your claims, your coverages, your agent or your insurance company.

Wyoming Insurance Department

Why you Need Auto Insurance

Auto insurance is an important purchase for most drivers. There are three main reasons to buy auto insurance.

1. To comply with state law

Wyoming's mandatory auto liability insurance law requires that anyone driving a motor vehicle must satisfy the state's minimum financial responsibility limits of \$25,000 per person for bodily injury, \$50,000 per accident for bodily injury, and \$20,000 per accident for property.

An owner's policy of liability insurance must designate by explicit description or by appropriate reference all motor vehicles with respect to which coverage is to be granted and insure the person named and any other person, as insured, using any covered motor vehicle with the express or implied permission of the named insured against loss from the liability imposed by law for damages arising out of the ownership, maintenance or use of the motor vehicle within the United States of America or Canada.

For further information, you may contact the Wyoming Department of Transportation, Financial Responsibility Program. They may be reached in Cheyenne at (307) 777-4800.

2. To satisfy your lender

If you have a car loan, most lenders require you to have insurance to protect their interest in your car. If you let your insurance lapse, your lender will likely have your car insured. The premium may be much higher (and the coverage much less) than a policy you would buy on your own. The lender can require you to pay this higher premium until you get your own auto insurance.

3. To protect your assets

Auto insurance can provide bodily injury and property damage liability coverage for accidents that happen to others for which you are responsible. Liability insurance will also pay the cost of an attorney to protect you if you're sued. The state-required minimum coverages are usually not enough to fully protect you and your assets. Auto insurance also may cover the cost of

accident-related repairs to your insured car, as well as your accident-related medical bills and lost wages.

Understanding Your Auto Policy

An auto insurance policy is a legal contract between you and the insurance company that spells out each party's rights and responsibilities. You promise to pay a specified amount of money in premiums to the company. In return, the company promises to pay you, or to pay others on your behalf, for certain losses which occur under specified conditions.

Most auto insurance policies contain several closely-linked parts. Your complete auto policy should include a Declarations page, main policy form and any endorsements. The following are important parts of the policy:

- **Declarations page** – This is usually the first page of the policy after the cover page. It should include the policy number, your name, both mailing and physical address, policy effective dates, a description of each vehicle insured and lienholder, if applicable. This page will also identify the specific coverages purchased, deductibles, policy limits and premiums.
- **Coverages** – These are the coverages purchased and listed on the declarations page. They include liability, underinsured/uninsured motorist, medical payments, comprehensive, collision and any other purchased coverages. These coverages are discussed in more detail in the next section of this guide.
- **Definitions** – The definitions are usually found in each coverage section of the policy, explaining in detail the meaning and application of specific words and terms used in that section. They are important in understanding your policy and determining who and what is covered by the policy.
- **Exclusions** – Each section of the policy lists exclusions – certain situations under which the policy will not cover you or the vehicle. Become familiar with them and remember that your policy will not cover all things under all circumstances.

Understanding Your Policy

- **Conditions** – This section establishes the conditions which must be present and complied with by either you or the insurance company. They apply to all sections of the policy unless otherwise noted. Some common conditions address when and where the policy applies, your notice of any claim, changing the policy, cancelling the policy, etc.
- **Endorsements** – These are separate forms attached to the main policy which change the policy to fit your specific needs. Endorsements may either extend or exclude coverage provided in the policy. Any endorsements added to your policy should be listed on the declarations page and the forms themselves added to the completed policy document. If endorsements are indicated on the declarations page, but not attached, contact your agent for a full explanation and copies of the endorsements.

Coverages in an Auto Policy

Auto insurance policies usually have several types of protections or “coverages” – some required and some optional. Some coverages may automatically be part of your policy unless you opt out of them. You must decide what coverages best fit your needs. Your auto policy may include the following coverages. Each coverage is usually priced separately.

Required by State Law

- **Bodily Injury Liability**

As the term liability implies, this is an at-fault coverage. Under Wyoming law, you can be sued if you cause injury or loss to another. Under your liability coverage, your company will pay not only the cost of these claims up to the policy limits, but also any legal costs the company incurs in defending you. All Wyoming motorists must carry minimum limits of \$25,000/\$50,000 for bodily injury liability. These limits mean the company will pay up to \$25,000 for one person and up to \$50,000 for all persons injured in a single accident. For those who need greater financial protection, higher coverage limits can be purchased at an additional cost.

- **Property Damage Liability**

Under your property damage liability coverage, your company will pay up to the policy limits for damage you cause to the property of others when you are at fault. You must purchase at least \$20,000 of property damage liability coverage. This is another at-fault coverage and covers only the property of others and not your own. Higher limits may be purchased at an additional cost.

- **Uninsured/Underinsured Motorist Coverage**

Uninsured motorist coverage will be included in an automobile liability policy delivered in Wyoming unless you reject the coverage in writing. This is done at the time you make application for a policy. The minimum uninsured motorist coverage is \$25,000 for bodily injury per person and \$50,000 per accident. Under this coverage, protection is afforded to you,

family members or guest passengers for injuries caused by a hit and run driver or a driver who does not have auto insurance. This coverage takes the place of the bodily injury insurance that the other driver should have purchased. It protects you by making sure that money is available to pay for your losses that are caused by someone else. Uninsured motorist coverage does not cover your property damage and does not protect the other driver. Higher limits may be purchased at an additional cost.

Required by Your Lender if You Have an Auto Loan

- **Collision Coverage**
This coverage pays for damage to your car from a collision with another car, an object or a pothole or from flipping over. You can collect under your own collision coverage whether or not you were at fault. Collision coverage is sold with a deductible. This means that you are responsible for the cost of damages up to the deductible amount of the policy. Your company will pay for damages in excess of the deductible.
- **Comprehensive Coverage**
This coverage pays for damage to your car that's not caused by collision. This includes theft, hail, windstorm, flood, fire, and hitting animals. Damage to auto glass would also be covered under comprehensive unless damaged during a collision, in which case, it would be covered under the collision coverage. Like collision coverage, comprehensive coverage is also sold with a deductible.

Physical damage coverage can be expensive, but deductibles will help save money – the higher the deductible chosen, the greater your premium savings will be.

Optional Coverages

- **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 auto. This includes all necessary and reasonable medical and rehabilitation expenses up to the

limits of coverage. It will also cover you or members of your family if you are struck by an auto while walking or riding in another auto. Usually, only expenses incurred within one to three years after the accident are covered. Check your policy for specific time limits of your coverage. Medical payments coverage is applicable to injured persons without regard to fault.

- **Rental Reimbursement Coverage**

This coverage provides payment for rental car expenses incurred when your vehicle is damaged by a covered comprehensive or collision loss and in the shop for repairs, subject to certain limitations. This coverage usually requires payment of additional premiums; however, some insurance companies include a limited rental car benefit in the main policy. Check your policy to determine if you have this coverage.

- **Towing Coverage**

This coverage pays for towing costs, including labor, when your car is disabled. Most policies limit this coverage to \$50 per tow and some companies won't write this coverage for customers with older cars.

Additional Considerations

Most auto policies don't cover equipment – including stereos, CD players, navigation systems and cell phones – not permanently installed in your car, or maintenance for your car.

Auto insurance also doesn't cover paying off your loan if your car is damaged and its market value is less than what you owe. Auto dealers and lenders may offer guaranteed auto protection (GAP) insurance for this purpose.

Your auto insurance will cover you if you drive into Canada. However, to drive into Mexico, you'll need to buy Mexican auto insurance. Ask your insurer about other requirements.

You'll likely need a separate insurance policy for these types of vehicles:

- Motorcycles

- All-Terrain Vehicles (ATVs)
- Utility Task Vehicles(UTVs)
- Off-Road Vehicles
- RV's
- Commercial Vehicles

How Insurers Determine Your Premium

Many factors affect the premiums you pay, including which insurance company you choose. Different companies use different methods to rate their risk of insuring you and charge different premiums for similar coverage.

These items will likely affect your premium:

- Your driving record, and the driving records of others covered by your insurance policy, during the last three to five years.
- Your credit-based insurance score. Those with better scores often pay lower premiums. Wyoming allows the use of credit information in rating; however, it cannot be the sole basis to cancel, deny or non-renew an insurance policy. If you've had a hardship which may have hurt your credit history, ask your insurer if it will consider a life event exception.

Credit-based insurance scoring. Most insurers use the information in your credit report to calculate a credit-based correlation between this score and the likelihood of filing a claim. Credit-based insurance scores are different from other credit scores.

- Your age, gender and marital status. People under 25, males, single people and families with young drivers in the household tend to have more accidents and therefore pay higher premiums. Accident rates (and premiums) also tend to increase for people over age 65. Insurance companies can base premiums

on all insured drivers in your household, including those not related by blood, such as roommates.

- The type of vehicle you drive. Generally, you'll pay more for insurance, particularly for comprehensive and collision coverages, if your vehicle is newer or more expensive. Sports cars and high-performance vehicles also cost more to insure because they're involved in more accidents and thefts and cost more to repair. If you drive a large SUV or truck, which can cause more serious damage in an accident, you could pay more for liability coverage.
- Where you live. Urban areas have more accidents and auto thefts than rural areas.
- Vehicle use, including your annual mileage.
- Your prior insurance coverage. Most insurance companies will charge you more if you don't have auto insurance when you apply for coverage. Some also charge you more if you currently have only the state-required minimum amounts of coverage.
- Previous claims. Most insurance companies report your auto claims to one or more private nationwide claim databases (such as the Comprehensive Loss Underwriting Exchange - CLUE). Insurance companies use these databases to see the claims you've submitted in the past. You have a right to a free copy of your CLUE report.
- The limits you choose for liability coverage.
- The deductibles you choose for comprehensive and collision coverages.

A **deductible** is the amount you have to pay out-of-pocket on a claim before the policy pays the loss. Higher policy deductibles mean lower policy premiums. A policy with a \$1,000 deductible has a lower premium than the same policy with a \$500 deductible. Having a higher deductible is a good way to save money on your auto insurance premium and to submit fewer claims.

Discounts:

Most insurance companies offer various types of discounts. Ask your agent if there's a discount for any of the following:

- Insuring your auto and home with the same insurance company.
- Insuring multiple vehicles with the same insurance company.
- Protection devices and features such as airbags, anti-lock brakes, anti-theft devices, as well as other vehicle safety features.
- Taking a defensive driving course, particularly if you're 55 or older.
- Being a member of an organization or working for certain employers

Smart Shopping

Different insurance companies charge different rates for the same coverage. Also, not all insurance companies provide the same level of claims service. So, it makes sense to shop around for the best insurance company for your needs.

Insurance companies use one of three methods to sell their products:

- **Independent agents** represent several companies and can give you several quotes
- **Exclusive agents** only sell the products of one insurance company.
- **Direct market** sales are done over the internet or by mail or telephone.

The insurer - not you - usually pays the agent. The insurer may pay the agent a percentage of your premium as a commission. An agent who is salaried may receive bonuses for sales.

You can find insurance companies and agents by asking friends and neighbors, browsing the internet, looking through the phone book, or in ads in the newspaper, on the radio and on television.

Customer service is important to most consumers, particularly when they have a claim. A complaint index gives you a sense of how well an insurer serves its customers. A complaint index measures how many complaints the Wyoming Insurance Department receives relative to the size of the company and these complaint indexes are posted on the department's website.

It's illegal for unlicensed insurance companies or agents to sell insurance. Business cards and websites aren't proof that an agent is licensed. If you buy insurance from an unlicensed agent or company, it may not pay your claims or, if you cancel your policy, it may not refund your premiums. To find out if an agent or company is licensed, contact the department at (307) 777-7401.

You want to buy insurance from a company that's financially sound. You can check the financial health of an insurance company by using ratings from independent rating agencies, such as Standard and Poor's, A.M. Best and Moody's.

Getting Premium Quotes

The way to compare different companies' prices is to get premium quotes. But first you should decide what coverages and policy limits you need. An agent can help you with this.

Wyoming law sets the minimum amounts of liability coverage required to 25/50/20. These minimums are too low to fully cover you if you cause a serious accident. Most insurers let you buy higher amounts or "limits" of liability coverage, often without much increase in your premium.

When you get quotes, be sure to ask for the same coverages and limits and give the same information to each agent or company. Auto insurers may use all of the factors listed in the "How Insurers Determine Your Premium" section (and maybe more) to price your policy. The insurer needs quite a bit of information to price your policy, usually including your Social Security number and your vehicle's VIN (vehicle identification number).

The premium for your insurance may be different from the quote you initially receive for several reasons. For example, if you told the company or its agent that you have a perfect driving record and you don't, your premium will be higher than your quote. Be sure to get rate quotes and coverage information in writing.

Make sure you ask about discounts. Also, be sure to find out how much your premium will change if you choose different deductibles.

While you're getting quotes, you should also ask the agent some of these questions:

- Are the agent and the insurance company licensed by the Wyoming Insurance Department?
- What limits are available?
- Should I buy comprehensive and/or collision coverage? (Compare the premium to what your car is worth.) If so, what deductibles can I choose?
- What doesn't my policy cover?
- How will my credit history affect my premium?
- How will my driving record affect my premium?
- If I'm in an accident and it wasn't my fault, how will this affect my insurance?
- If I'm in an accident and it was my fault, how will this affect my insurance?
- If I have an accident, can I use my own repair shop?
- If I let someone who doesn't live in my home drive my car, am I covered? Am I covered if I drive someone else's car?
- If my child is away at school, is s/he covered?
- If I rent a car, will my policy cover me?

Ways to Keep Premiums Down

- Maintain a good driving record.
- Compare the premiums of multiple companies which offer the type of coverage you want.
- Check insurance costs before buying a new vehicle. The type of vehicle you drive affects your rates. Not every company will insure a high performance vehicle and those that do set high premiums.
- Consider increasing your collision and comprehensive deductibles. Insurance should be used to pay for large losses you cannot afford on your own. Many financial analysts recommend that deductibles should equal one week's salary.
- If you own two or more vehicles and place all your auto insurance with one company, you are often eligible for a discount under a multi-car plan.
- Several premium payment options are usually available, but paying your premium in one lump sum avoids the finance charges required by an extended payment plan.

- If a driver leaves your household, or if you sell a car, notify your insurance company because it will probably lower your premium.
- If you have had an accident in which you were at fault or several claims within the last three years, keep your present policy. You may not be eligible for coverage with another company. The major hazard in going to another company is that company has the right to cancel your policy within the first 60 days of coverage.

Your Responsibilities

An automobile insurance policy is a legal contract. It explains your rights and responsibilities and those of the insurance company. Keep your policy in your home files and know the name of your insurer.

You should read your policy and be sure you understand it. If you have questions about your insurance policy, contact your insurance agent or company.

When you buy auto insurance, you'll receive a policy, not a photocopy. Upon receipt of your policy, review the declarations page for accuracy. If you don't receive a policy within 30 days, contact the insurance company. If you need a company's toll-free number, check their website, call your agent or contact our department.

Other helpful tips:

- Pay the premiums on time. Some insurers don't accept late payments. If an insurer accepts your payment late, it may increase your premium at renewal.
- Your full premium is due when your policy starts, which is usually every six months. Many insurance companies will let you pay monthly. To do this, you'll likely pay an extra fee.
- Keep your proof-of-insurance card in your car at all times; Wyoming requires this.
- Keep a file of all paperwork you completed online or received in the mail and signed, including the policy, changes to your policy, renewal notices, correspondence, copies of advertisements, premium payment receipts, notes of conversations and any claims submitted.
- Maintain your auto. You're responsible for its upkeep and repair (including maintenance) to keep it in good condition.

If You're Involved in an Accident

If you're involved in an accident, you should exchange information with the other driver. Get their name and address and their insurance company's name and phone number. This information is on the proof-of-insurance card in their auto. If you can't get this information, write down their driver's license number and license plate number to give to your insurance company. Be prepared to share the same information about yourself with the other driver.

- Call 911 if someone's injured. If not, call the police. The driver of any vehicle involved in an accident causing property damage of \$1,000 or more, personal injury or death, must complete a written accident report within 10 days. Failure to make such a report may result in a fine, imprisonment or both.
- If your car is drivable, move it out of traffic.
- Get this important information at the accident scene:
 - The other car's make, model, year and license plate number.
 - Witnesses' names and contact information.
 - The name, badge number and contact information for the officer who comes to the accident. Ask the officer when and where to get the accident report and accident report number.
 - The time, date and exact location of the accident, with notes of skid marks, weather and road conditions. Take a photo or sketch a diagram of the accident scene.
- If your car is damaged by a hit-and-run driver or is stolen, promptly call the police.
- Notify your insurance agent or company and report the loss.
- Complete the accident report form and return it to the appropriate police office within 10 days.

Filing a Claim

Read your policy! It's your guide to the types of losses that will and will not be covered and to filing claims. How often you file a claim and the types of claims you file often affect your premium and whether your insurer will renew your policy. If the

cost to repair the damage is not much more than your deductible, you may want to pay for the repairs without filing a claim.

To file a claim, call the phone number on your proof-of-insurance card as soon as possible. Ask about forms or documents you'll need to support your claim.

The insurance company will assign a claims adjuster to assess the damages and determine the payment. These adjusters may be employees of the company or independent contractors. You should cooperate with the adjuster's investigation of your claim. The adjuster will probably want to meet with you to inspect the damage. Jot down notes and keep track of dates of any conversations you have with your agent or adjuster.

If you, the insurer and claims adjuster disagree, first try to resolve the differences with your insurer. Your agent may be helpful. It also might help to have your auto repairer meet with you and the insurance adjuster.

Don't feel rushed or pushed to agree with something you aren't comfortable with; your insurer doesn't have the last word. Ask questions and ask the adjuster to provide a written explanation of his decisions.

If you and the insurer still disagree about the claim handling or settlement, you can ask our consumer advocates for help. If you disagree about the value of the claim, check your policy for an appraisal clause.

Having Problems with an Insurance Company?

The Insurance Department is committed to protecting the best interests of the public. Although some legitimate insurance disputes can only be settled in court, there are many insurance problems the Department's staff can help you solve. They will go over your problem thoroughly with you and offer whatever help they can.

While the authority of the Insurance Department is very broad, it is not limitless. We can enforce only the statutes the legislature passes and regulations allowed by law. We can require insurance companies to abide by the policy provisions, but we cannot dictate what those provisions should be other than those the legislature says must be in the policy. If an insurance company does not violate the Insurance Code and

processes your claim according to the policy, the Insurance Department may not be able to take action against the company.

Examples of Complaints which fall under our authority:

- Improper denial of a claim or an offer of an amount less than indicated by the policy.
- Delay in claim handling.
- Illegal cancellation or termination of an insurance policy.
- Misrepresentation of policy coverage; or misappropriation of premiums paid to an agent or broker.

Examples of Complaints which do not fall under our authority:

- Refusal to insure (unless there is unfair discrimination).
- Rates
- Deciding who is at fault for an accident (we can make sure the company conducts a reasonable investigation) or deciding how much your car is worth (we can make sure the insurance company bases the value on an appraisal).

Losing Your Insurance

There's a big difference between an insurance company cancelling your policy and not renewing it.

Cancellation means either you or your insurance company stop the coverage before the policy's normal expiration date. You can always cancel your policy for any reason. In Wyoming, when you're a new policyholder, your insurance company can cancel your policy for any reason within the first 60 days of coverage. After that, the company may only cancel your policy only for one of the following reasons:

1. Nonpayment of premium;
2. The driver's license or motor vehicle registration of any one operation residing in the policyholder's household (including all insureds, named or otherwise) or who customarily operates a motor vehicle insured under the policy has been under suspension or revocation during the policy period. The insurer may cancel coverage only to that operator by issuing an endorsement to the policy

excluding coverage to that operator. Refusal of such restrictive endorsement by said policyholder shall constitute grounds for cancellation of the policy. Modification of physical damage coverage by applying a deductible amount not exceeding five hundred dollars (\$500) shall not be deemed a cancellation;

3. Fraud on the part of the applicant in filling out the application; or,
4. For any reason determined appropriate by the Insurance Commissioner after a hearing thereon, other than specified in paragraphs 1, 2 or 3.

If your insurance company cancels your policy, it must give you advance notice of cancellation at least 20 days prior to the effective date of the cancellation. If you or the insurer cancels your policy, the company may refund part of your premium.

Non-renewal means the company refuses to renew your policy after it expires. The expiration date is on your policy. Insurance companies generally have the right to not renew your policy. If your company chooses not to renew your policy, it must give you notice at least 30 days before the policy expires. You may also choose not to renew your policy with that company.

What to Do if You Can't Find Insurance

If you've shopped around and still can't find insurance, you may be eligible to purchase automobile insurance through the Wyoming Automobile Insurance Plan (sometimes called assigned risk plan).

The Wyoming Automobile Insurance Plan assures the availability of coverage for everyone. Under this plan, companies write policies for persons who are not insurable through the regular channels. The qualifications of the plan are:

- Evidence that you have been declined or refused through the regular channels;
- Full and honest completion of the application;
- A current driver's license;
- Payment of premium; and,
- Satisfactory arrangements for payments owed on any previous auto insurance.

For more information, any agent licensed to sell automobile insurance can assist you in preparation of the necessary application forms and advise you of the program.

For More Information

- Visit the Wyoming Insurance Department's website, which you can find at <http://doi.wyo.gov/>. Here you will find additional information about your insurance company and data about complaints filed against insurers.
- Visit the National Association of Insurance Commissioners (NAIC) website for consumers: www.naic.org/index_consumer.htm.
- For your free annual credit report, go to www.annualcreditreport.com or call 877.322.8228. Check your credit report and correct any errors before you apply for insurance.
- For your free annual CLUE report, go to www.choicetrust.com or call 866.312.8076. Check your CLUE report and correct any errors before you apply for insurance.