

# **WYOMING AUTOMOBILE INSURANCE GUIDE**

**TO ASSIST YOU**

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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 really 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 Department of Insurance

## **Mandatory Auto Insurance Law**

Wyoming's mandatory auto liability insurance law requires that anyone driving a motor vehicle must satisfy the state's financial responsibility limits of 25/50/20. (See below for explanation.)

Under the financial responsibility law, Aliability policy means an owner's or an operator's policy of liability insurance, certified as proof of financial responsibility, and issued by an insurance carrier authorized to transact business in this state, to or for the benefit of the person named as insured.

An owner's policy of liability insurance must:

1. Designate by explicit description or by appropriate reference all motor vehicles with respect to which coverage is to be granted; and
2. 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 the Dominion of Canada, subject to limits exclusive of interest and costs with respect to each motor vehicle, as follows: Twenty-five thousand dollars (\$25,000) because of bodily injury to or death of one (1) person in any one (1) accident and, subject to the limit for one (1) person, fifty thousand dollars (\$50,000) because of bodily injury to or death of two (2) or more persons in any one (1) accident and twenty thousand dollars (\$20,000) because of injury to or destruction of property of others in any one (1) accident.

An operator's policy of liability insurance must insure the person named as insured against loss from the liability imposed upon him by law for damages arising out of the use by him of any motor vehicle not owned by him, within the same territorial limits and subject to the same limits of liability required for an owner's policy.

Other types of proof of financial responsibility may be given by filing:

1. A certificate of insurance.
2. A bond.
3. A Certificate of Deposit of money or securities in the amount of \$25,000, deposited with the State Treasurer.

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

Effective July 1, 1991, Wyoming law allows a law enforcement officer the right to request proof of insurance at any time. You do not have to be involved in an accident before you may be requested to provide proof of insurance. If the operator cannot show written proof of financial responsibility, the driver shall have seven (7) days to produce such proof. Any person who is convicted of violating this mandate may be fined not more than seven hundred fifty dollars (\$750), imprisoned for not more than six (6) months, or both. Beginning January 1, 1993, no motor vehicle shall be registered unless the applicant verifies the motor vehicle is covered by a motor vehicle liability policy in full force and effect in the amounts of 25/50/20 or a bond on file with the Department of Transportation in amounts provided by Wyoming Statute 31-9-102(a)(xi).

### **Shopping for Auto Insurance**

You may purchase automobile insurance through agents and brokers, and sometimes through the mail.

**Agents and Brokers.** Most people apply for auto insurance through an agent or broker. An agent may represent one company or many companies, while a broker represents you, the applicant.

Choose your agent or broker carefully. One who is an established business person in your community with a good reputation is a wise choice.

After selecting an agent or broker, do not hesitate to bring him or her your insurance problems and questions. Agents and brokers earn a commission on your business and should do more than just sell you a policy. They should advise you, answer your questions, and assist you with your insurance claims.

**Mail Order.** This insurance is solicited through the mail. The prospective buyer mails the completed application directly to the company. Since the company usually does not have an agent in your home town, you probably will not receive the benefits of an agent's advice about your insurance problems and questions.

**Shop Around.** How much you pay for insurance largely depends upon what kind of risk you are. Most companies will consider your driving records for the 36 months prior to your application in determining whether you qualify for their policies. Check all the information on your application for accuracy, and ask your agent or broker to go over all the facts concerning your driving record with you. A mistake may cost you money.

Some companies write insurance for drivers with clear records, others write insurance for poorer drivers. Generally, the better your record, the lower your premium; however, other factors also affect your premium amount.

The Wyoming Automobile Insurance Plan (sometimes called assigned risk) 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 for 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.

### **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.

The Insurance Commissioner is encouraging companies to write their contracts in plain English and more of them are doing so, but many contracts are still thick with legal jargon. If you do not understand your policy, ask questions until you do.

Most automobile insurance policies contain several closely-linked parts: Declarations, Endorsements, Coverages, Definitions, Exclusions and Conditions.

**Declarations** include the policy number, your name and address, a description of the vehicle insured, and the name of any other person with a financial interest in the vehicle - called a loss payee. This page also identifies the specific types of coverages by code, the dollar limitations on each type, and other items on which you and the company agree.

**Endorsements** are forms attached to the general policy which change a policy to fit your special needs. Endorsements extend or exclude coverage to fit a wide range of circumstances such as coverage of certain farm vehicles, reimbursement for transportation expenses incurred because of a collision, coverage for loss or damage to a tape recorder or citizen band radio installed in your car, personal injury protection, and coverage of mobile homes and trailers.

If any endorsements are a part of your policy, their identifying numbers should be on your declaration page, and the endorsement forms themselves should be attached to the policy. If endorsements are indicated on the declarations page but not attached, contact your agent for a full explanation and for copies of them.

**Coverages** include the type of losses for which the company agrees to pay. Each kind of coverage you buy will have its own section in the policy that details the situations it covers, persons insured under it, definitions of various words used, exclusions that apply to the section,

and the limits of the company's protection in that section. The following are descriptions of coverages in Wyoming:

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 an 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 do to the property of another 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 a small additional cost.

Uninsured 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 coverage 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.

Medical Expense 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 hospital, surgical, chiropractic, x-ray, dental, professional nursing, prosthetic, and rehabilitation expenses up to the limits of the coverage. It will also cover you or members of your family if you are struck by an auto while walking or while riding in another auto. Usually, only expenses incurred within one or three years (check your policy) after the accident are included. As an example, this coverage will provide benefits for a friend, or a neighbor's child injured in your car. Medical expense coverage is an optional coverage. Remember, medical payments coverage is extended to injured persons without regard to fault.

The Physical Damage section describes the benefits payable if your automobile is damaged. Collision and comprehensive coverages, which are also known as physical damage coverages, pay for repair or replacement of your auto regardless of who is at fault.

Collision coverage pays for damage to your car which results from an accident. 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 pays for damage to your auto from almost all other causes such as fire, vandalism, flood, hail, glass breakage, wind, falling objects, civil commotion, or hitting a bird or animal. Damage from striking a deer is a relatively frequent accident in Wyoming. It is important to know that most policies cover hitting an animal under comprehensive, not collision, insurance. Comprehensive coverage also pays if your auto or parts of it, such as a battery or tires, are stolen. If you borrow money from a bank or some other financial institution to buy your car, the lender will probably require you to purchase physical damage coverage to protect both of your interests in the car.

Collision and comprehensive coverage can be expensive but deductibles will help save money - the higher the deductible purchased, the greater your premium savings will be.

Rental Reimbursement provides that if your car is damaged by a covered peril or accident, your company will pay for a rented car, subject to certain limitations. This coverage requires payment of additional premium.

Towing 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 it for customers with older cars.

**Definitions** are usually found in each coverage section of the policy, explaining in detail the meaning and application of specific words and terms used. They are important in understanding your policy and determining who and what is covered by the policy contract.

**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. For example, accessories such as citizen band radios, stereo units, or specialized equipment, are often excluded. You can usually get coverage for them at an added cost.

**Conditions.** This final 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 noted otherwise.

Some conditions usually included concern when and where the policy applies, your notice of any claim, changing the policy, canceling the policy, and proving your claim.

### **On What Should You Base Your**



## Policy Selection?

When choosing a company and a policy, you should look for:

- \$ Adequate Coverage
- \$ Good Claims Service
- \$ The Right Price

**Adequate Coverage.** In choosing coverage, your aim should be to assure your future economic security and to keep your insurance premium as low as possible. Generally, the amount of insurance you need depends upon how much you have to protect and how much you can afford to lose.

While you may choose to increase your liability coverage, you may decide to save by limiting coverage of your own small losses. For example, you would probably save money on premiums by taking a higher deductible, or by omitting collision coverage on an older automobile.

You should make the final decision on the amount of insurance you want to carry, but do discuss coverage options with your agent or broker. A capable agent or broker can write a policy which fits both your needs and your pocketbook.

**Good Claims Service.** Part of what you should look for when choosing an insurance company should be prompt, courteous service and fair settlement of your claims. Check with friends or neighbors about the service they've received from their insurance company.

Some companies have their own staff adjusters who will negotiate the settlement of your claim, while others use independent adjusters. When you buy your policy, be sure you understand the claims procedure.

**The Right Price.** Although rates and premiums vary considerably among companies, they are set in similar ways. The more often accidents happen and the worse they are, the higher your premiums will be. Premiums must pay for accident claims, as well as for running the company and providing services. Office space, correspondence, salaries, legal fees, and customer service are included in your rates - along with payment of claims. And like any other business, beyond these overhead costs must be a profit.

Information insurance companies gather from many sources shows that some types of drivers are more likely than others to have accidents. Factors that companies consider in deciding how much you should pay include your driving record, your age, the year and model of your car, whether you live in an urban or rural area, how many miles you drive, and whether the vehicle is used mostly for business or pleasure driving. How much coverage you buy affects what you pay, of course, but by careful shopping, you can save money.

## How To Hold Premiums Down

- \$ MAINTAIN A GOOD DRIVING RECORD.
- \$ Compare the premiums of various companies which offer the type of coverage you want.
- \$ Check insurance costs before buying a new car. The type of car you drive affects your rates. Not every company will insure a high performance automobile, and those that do set high premiums. In general, insurance companies have had much higher losses on sporty cars than on family cars - four door sedans, wagons, or economy cars.
- \$ Consider increasing your collision and comprehensive deductibles. Insurance should be used to pay for large losses you cannot handle on your own. Many financial analysts recommend that deductibles should equal one week=s salary.
- \$ If you own two or more cars 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=s right to cancel your policy within the first 60 days of coverage.

### **Having Problems With the Insurance Company?**

The Insurance Commissioner's office 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 Commissioner=s staff can help you solve. They will go over your problem thoroughly with you and offer whatever help they can. Here are three common complaints and advice on how to deal with them.

***My car is damaged, and my company and I have a dispute concerning replacement or repair.***  
Under most auto policies, you have the right of appraisal in case of such a dispute. That is, an independent appraiser for each side (you and the company) examines the dispute and makes recommendations. The company has the right to repair or replace the car, or to pay for the loss in money.

The Commissioner's office can help by asking the company to explain its investigation and how

the settlement offer was reached. We will encourage a fair and equitable settlement of your claim, and tell you what you should do if a settlement is not reached.

***Another party was responsible for the accident, but his or her company will not arrange for my car's repair.*** If the other party is responsible for your damages, you are entitled to be made whole. That is, if your car can be repaired, your damages are the difference between its market value just before the accident and its market value just after. Often this difference is the actual cost of the repairs, but not always.

You can also recover a reasonable amount for loss of use while repairs are in progress. If your car is wrecked beyond repair, you can recover its market value prior to the accident, but you usually cannot recover for loss of use. (Market value is the reasonable sum of money the car would bring on a fair sale by a person willing but not obliged to sell, to a person willing but not obliged to buy.) The other party's insurance company cannot force you to use a certain garage or to accept certain repairs. However, insurance companies have established procedures that are designed to settle your claim reasonably, and often it is beneficial to follow their instructions. Though you have the right to depart from standard procedures, you may end up going to court to enforce that right.

Unfortunately, no one can ever be fully compensated for all the trouble and expense that an accident causes. A certain amount of running around is often unavoidable, and petty frustrations sometimes result. Accepting these difficulties is sometimes the only solution, and knowing this in advance may help make a bad situation bearable.

The Insurance Commissioner can communicate with the other party's company on your behalf, encourage fair and equitable compensation for your losses, and advise you on procedures if no agreement is reached. However, the Commissioner has no authority to decide who is at fault or to establish the value of your loss or injury. If the facts are in dispute, they must be determined by a court of law.

**My company has canceled or refused to renew my automobile insurance policy.** When a company refuses to renew a private passenger auto insurance policy, it must notify you at least 30 days before your policy expires. In the case of nonpayment of premium, at least 10 days notice must be given.

The company may cancel your auto insurance for any reason within the first 60 days of coverage. Once your policy has been in effect for more than 60 days, it can only be canceled for the following reasons:

1. Nonpayment of premium.
2. The driver's license or motor vehicle registration of any one operator residing in the policyholder's household (including all insured, 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 automobile 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.
1. For any reason determined appropriate by the Insurance Commissioner after a hearing thereon, other than specified in paragraphs 1, 2, or 3, the hearing must be held upon petition of the insurer within 15 days after receipt of the petition by the Insurance Commissioner, or within 15 days after notice to the policyholder served in accordance with Rule 4 of the Wyoming Rules of Civil Procedure, whichever is later.

No insurer shall exercise its right to cancel a policy unless a written notice of cancellation is mailed or delivered to the last known address of the policyholder at least 20 days prior to the effective date of cancellation, except that when cancellation is for nonpayment of premium, the notice shall be mailed or delivered to the policyholder at the address shown in the policy at least 10 days prior to the effective date of cancellation.

#### **When Involved In An Accident, What Do You Do?**

1. **Call the police.** The driver of any vehicle involved in an accident causing property damage of \$500 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.
2. **Obtain information.** Note (and preferably write down) the time, date, location, road conditions, makes and years of vehicles involved, apparent damage and injuries, your version of what happened, and a diagram of the accident scene.
3. **Note witnesses.** Obtain the names and addresses of all witnesses and parties to the accident.
4. **Notify your insurance agent or company.**
5. **Complete the accident report form and return it to the appropriate police office within 10 days.**

#### **Mechanical Breakdown Insurance**

Due in large part to the tremendous expense of automobile breakdowns, specific insurance

coverages have been created over the years to meet the needs of the consumer. These coverages are known as mechanical breakdown insurance under the Wyoming insurance laws. In the marketplace, a consumer is more likely to hear these contracts referred to as vehicle service contracts or extended warranties. The following information is given to you so that a more informed buying decision can be made as to these products by the Wyoming consumer.

1. What is a mechanical breakdown insurance contract?

Mechanical breakdown insurance is a type of insurance defined as a contractual undertaking in which a person undertakes to indemnify another for direct or consequential loss caused by the failure or malfunction of a component or system of a motor vehicle whether that loss is to be indemnified in funds, goods, or services in any combination.

2. What type of consumer goods are covered as a motor vehicle?

The mechanical breakdown statute defines a motor vehicle as a self-propelled device or a component of a self-propelled device designed to transport persons or cargo upon land or water or through air. In other words, a mechanical breakdown insurance contract can cover cars, trucks, motorcycles, snowmobiles, boats, airplanes, etc.

3. Are there any mechanical breakdown contracts exempt from this law?

Yes, service contracts offered by the manufacturer of a vehicle are not covered by this law.

4. Who usually sells these contracts to you, the consumer?

These contracts are normally sold to a consumer by an auto dealer who would also sell you a service contract in conjunction with the auto sale.

5. What type of information should I get from someone trying to sell me a service contract?

Ask the dealer to supply you with a sample contract to read. This will allow you to see exactly what is and is not covered. By reviewing this contract you should also be able to determine exactly who the insurer is so that you will know who to contact in case of a claim.

6. How can I verify the information I receive from the dealer?

Since mechanical breakdown contracts fall under the jurisdiction of the Wyoming Insurance Department, you can verify with our Department as to whether the insurer is licensed to sell these contracts in Wyoming. In addition, you can verify whether a particular dealer is licensed or registered to sell the contracts on behalf of a particular insurer. You can also contact our office as to whether a particular contract has been

approved by the Wyoming Insurance Department for use in Wyoming.

7. If I am having problems with a service contract, who can I contact for assistance?

The Wyoming Insurance Department is charged with the duty to regulate these contracts. Any questions arising from a vehicle service contract should be directed to Donna Stewart at (307) 777-7308 or 1-800-438-5768 (within Wyoming).

If you have any questions concerning the terms and conditions of your auto policy, you may contact the Wyoming Insurance Department at (307) 777-7401 or 1-800-438-5768 (within Wyoming).