

Financial Responsibility and Insurance

Motor Vehicles-Vermont

Title 23, Chapter 11, Subchapter 1

- Maintenance of financial responsibility
 - Automobile liability policy or bond
 - \$25,000 for one person
 - \$50,000 for two or more personal killed or injured
 - \$10,000 for damages to property in any one crash
- Or
- Self-insurance in the amount of \$115,000

Insurance Against Uninsured, Underinsured or Unknown Motorists

- Every policy insuring against liability arising out of the ownership, maintenance or use of any motor vehicle shall provide insurance against loss resulting from liability imposed by law for damages:
 - **Property Damage:**
 - No more than \$10,000 per claim
 - \$150.00 deductible if no other direct damage coverage collectible
 - \$10,000 for damages to property in any one crash
 - **Bodily Injury:**
 - Not less than \$50,000 for one person
 - \$100,000 for two or more persons killed or injured

Claim Example

- Vehicle 1 hits vehicle 2, each vehicle has Vermont minimum limits: \$25,000/\$50,000/\$10,000
- Vehicle 1 is at fault and injures 2 people in vehicle 2, the Bodily Injury damages for passenger 1 total \$35,000 and \$45,000 for passenger 2
- Vehicle 1 also totals vehicle 2 which is valued at \$18,000

Claim Adjustment

- \$25,000/\$50,000/\$10,000 means the max per person is \$25,000
- Passenger 1 receives \$25,000
- Passenger 2 receives \$25,000
- Owner of vehicle 2 receives \$10,000 for the damage to his car

What happens when liability is not enough to pay damages?

- \$25,000/\$50,000/\$10,000 means the max per person is \$25,000
- Passenger 1 makes a claim for \$10,000 through her Underinsured Motorist Coverage
- Passenger 2 makes a claim for \$20,000 through his Underinsured Motorist Coverage
- Owner of vehicle 2 makes a claim for \$8,000 through his Underinsured Motorist Coverage

How do Vermont limits compare to other States?

State	Insurance required (1)	Minimum liability limits (2)
AL	BI & PD Liab	25/50/25
AK	BI & PD Liab	50/100/25
AZ	BI & PD Liab	15/30/10
AR	BI & PD Liab, PIP	25/50/25
CA	BI & PD Liab	15/30/5 (3)
CO	BI & PD Liab	25/50/15
CT	BI & PD Liab, UM, UIM	25/50/20*
DE	BI & PD Liab, PIP	25/50/10
DC	BI & PD Liab, UM	25/50/10
FL	PD Liab, PIP	10/20/10 (4)
GA	BI & PD Liab	25/50/25
HI	BI & PD Liab, PIP	20/40/10
ID	BI & PD Liab	25/50/15
IL	BI & PD Liab, UM, UIM	25/50/20
IN	BI & PD Liab	25/50/25*
IA	BI & PD Liab	20/40/15
KS	BI & PD Liab, PIP	25/50/25
KY	BI & PD Liab, PIP, UM, UIM	25/50/25 (4)*
LA	BI & PD Liab	15/30/25
ME	BI & PD Liab, UM, UIM, Medpay	50/100/25 (5)
MD	BI & PD Liab, PIP, UM, UIM	30/60/15
MA	BI & PD Liab, PIP	20/40/5
MI	BI & PD Liab, PIP	20/40/10
MN	BI & PD Liab, PIP, UM, UIM	30/60/10
MS	BI & PD Liab	25/50/25
MO	BI & PD Liab, UM	25/50/25*
MT	BI & PD Liab	25/50/20

NE	BI & PD Liab, UM, UIM	25/50/25
NV	BI & PD Liab	25/50/20
NH	FR only	25/50/25
NJ	BI & PD Liab, PIP, UM, UIM	15/30/5 (6)
NM	BI & PD Liab	25/50/10
NY	BI & PD Liab, PIP, UM, UIM	25/50/10 (7)
NC	BI & PD Liab, UM, UIM	30/60/25
ND	BI & PD Liab, PIP, UM, UIM	25/50/25
OH	BI & PD Liab	25/50/25
OK	BI & PD Liab	25/50/25
OR	BI & PD Liab, PIP, UM, UIM	25/50/20
PA	BI & PD Liab, PIP	15/30/5
RI	BI & PD Liab	25/50/25
SC	BI & PD Liab, UM, UIM	25/50/25
SD	BI & PD Liab, UM, UIM	25/50/25
TN	BI & PD Liab	25/50/15 (4)
TX	BI & PD Liab, PIP	30/60/25
UT	BI & PD Liab, PIP	25/65/15 (4)
VT	BI & PD Liab, UM, UIM	25/50/10
VA	BI & PD Liab (9), UM, UIM	25/50/20
WA	BI & PD Liab	25/50/10
WV	BI & PD Liab, UM, UIM	25/50/25

Main factors that influence limits chosen by consumers

Premium

Some carriers have “tiers” that make it less expensive to carry higher limits.

Assets

The more you own, the higher limits you should purchase to protect your assets in the event of an accident.

Vermont Auto Average Premium and Rank (Source: Insurance Information Institute)

Most expensive states	Average expenditure	Rank	Least expensive states	Average expenditure
New Jersey	\$1,309.29	1	Idaho	\$599.77
Louisiana	1,302.11	2	Iowa	628.10
New York	1,301.64	3	North Dakota	639.10
Michigan	1,270.70	4	South Dakota	648.01
Florida	1,259.55	5	Maine	650.38
D.C.	1,246.80	6	Wyoming	677.53
Rhode Island	1,193.58	7	Wisconsin	688.32
Delaware	1,159.86	8	Vermont	691.56
Massachusetts	1,096.53	9	Indiana	692.29
Connecticut	1,086.17	10	North Carolina	699.91

Estimated Percentage of Uninsured Motorists Countrywide

Highest			Lowest		
Rank	State	Percent uninsured	Rank	State	Percent uninsured
1	Florida	26.7%	1	Maine	4.5%
2	Mississippi	23.7	2	New York	6.1
3	New Mexico	20.8	3	Massachusetts	6.2
4	Michigan	20.3	4	North Carolina	6.5
5	Tennessee	20.0	5	Vermont	6.8
6	Alabama	18.4	6	Nebraska	6.8
7	Washington	17.4	7	North Dakota	6.8
8	Indiana	16.7	8	Kansas	7.2
9	Arkansas	16.6	9	Pennsylvania	7.6
10	D.C.	15.6	10	South Dakota	7.7

Current Premium/Claims for Vermont Automobile Insurance

- Average Bodily Injury/Property Damage pure premium \$365
- Average Bodily Injury claim \$24,000
- Average Property Damage claim \$3,246

- Average Uninsured/Underinsured Motorist pure premium \$29
- Average Uninsured/Underinsured Motorist claim \$24,250

Top 10 Insurance Carriers' policy distribution by Bodily Injury limits

- 25,000/50,000 13%
- 50,000/100,000 9%
- 100,000/300,000 78%

What would it cost to raise limits?

- The average cost to increase the Bodily Injury limits from 25,000/50,000 to 50,000/100,000 would be approximately an additional 20% of the Bodily Injury premium
- This 20% increase would affect approximately 13% of auto owners in the State
- The average cost to increase limits from 25,000/50,000 to 100,000/300,000 would be approximately an additional 47% of the Bodily Injury premium

Questions?