



July 2015

WEST VIRGINIA INFORMATIONAL LETTER

NO. 194

TO: All Insurance Companies Doing Business in the State of West Virginia, Insurance Trade Associations, Insurance Media Publications and Other Interested Persons

RE: Excess/Umbrella Liability Policies - UM/UIM Offer Forms

The purpose of this Informational Letter is to supplement Informational Letter 130 by updating the forms associated with the mandatory offers of uninsured motor vehicle (UM) and underinsured motor vehicle (UIM) coverages within liability policies that are of an excess or umbrella type and which are written to cover automobile liability.

During the 2015 regular session, the West Virginia Legislature enacted House Bill 2790. This legislation raised the minimum financial responsibility limits for motor vehicles to the following levels:

- \$25,000 because of bodily injury to or death of one person in any one accident;
- \$50,000 because of bodily injury to or death of two or more persons in any one accident (subject to the limit for one person); and
- \$25,000 because of injury to or destruction of property of others in any one accident.

The new limits become effective on **January 1, 2016**.

House Bill 2790 further addressed the mandatory offers of UM and UIM coverages in the context of the increased minimum financial responsibility limits:

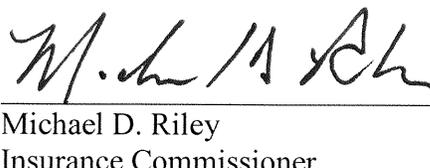
“For insurance policies in effect on December 31, 2015, including motor vehicle insurance policies and liability policies that are of an excess or umbrella type that cover automobile liability, insurers are not required to make a new offer of uninsured and underinsured motor vehicle coverage upon the renewal if the liability coverage is increased solely to meet the requirements of the increased minimum required financial responsibility limits set forth in subdivision (b), section two, article four, chapter seventeen-d of this code. Those insurers that have issued policies that carry limits of coverage below the minimum required



financial responsibility limits in effect on December 31, 2015 shall increase such limits to an amount equal to or above the new minimum required financial responsibility limits when the policy is renewed but not later than December 31, 2016.” W. Va. Code § 33-6-31(m).

Accordingly, for excess or umbrella type policies newly issued on or after January 1, 2016, or if a named insured requests a change in coverage limits on or after January 1, 2016, insurers should use the revised forms contained herein. The previous versions of the forms, as provided in Informational Letter 130, should be used for policies issued on or before December 31, 2015, or if a named insured requests different coverage limits on or before December 31, 2015.

Please e-mail any questions concerning this Informational Letter to Informational.Letters@wvinsurance.gov or call (304) 558-0401.



Michael D. Riley
Insurance Commissioner

IMPORTANT NOTICE

OFFER VOID AFTER THIRTY (30) DAYS

TO: PROPOSED POLICYHOLDERS (APPLICANT):

IF YOU DO NOT RETURN THESE FORMS TO YOUR INSURER WITHIN THIRTY (30) DAYS YOU WILL BE PRESUMED TO HAVE REJECTED UNINSURED AND UNDERINSURED MOTOR VEHICLE COVERAGES.

or

PRESENT POLICYHOLDERS:

IF YOU DO NOT RETURN THIS FORM TO YOUR INSURER WITHIN THIRTY (30) DAYS IT MEANS YOUR COVERAGE WILL STAY THE SAME AS IT IS NOW. THIS IS AN OPPORTUNITY TO CHANGE THE COVERAGE YOU PRESENTLY HAVE.

UNinsured Motor Vehicle Coverage

The State of West Virginia requires that you purchase **UNinsured** motor vehicle coverage with limits not less of \$25,000 per person, \$50,000 per accident for uninsured bodily injury losses, and \$25,000 for uninsured property losses under your basic automobile coverage. In your case, you have already done so, and you have opted to purchase excess or umbrella type coverage which is also written to cover automobile liability. Therefore, the law also requires that you be given the opportunity to purchase **UNinsured** motor vehicle coverage in an amount not less than the liability limit or limits selected on the excess or umbrella policy as well.

UNinsured Motor Vehicle Coverage will protect you and passengers in your car if you or your passengers are injured in an accident that was caused by an uninsured driver who was at-fault, or an unidentified driver who was at-fault.

UNDERinsured Motor Vehicle Coverage

The State of West Virginia **does not require** you to purchase any **UNDERinsured** motor vehicle coverage under your basic automobile policy. However, the law does state that you must be given the opportunity to purchase this coverage in an amount not less than your liability coverage. In your case, you have opted to purchase excess or umbrella coverage which is also written to cover automobile liability. Therefore, the law also requires that you be given the opportunity to purchase **UNDERinsured** motor vehicle coverage in an amount not less than the liability limit or limits selected on the excess or umbrella policy as well.

UNDERinsured motor vehicle coverage may protect you and passengers in your car if you are involved in an accident which was caused by a driver who was at-fault but the at-fault driver's insurance policy is not sufficient to pay for your damages. In some cases the at-fault driver will not have enough liability coverage to pay for all the damages you have suffered. In order for you to protect yourself and others in your car, **UNDERinsured** motor vehicle coverage is available to you. This type of coverage may pay for the remainder of your damages up to your policy limits.

EXAMPLE:

You have purchased **UNDERinsured** motor vehicle coverage under your auto policy with limits of \$100,000 per person with a maximum of \$300,000 for any accident. You have also purchased underinsured motor vehicle coverage under your umbrella in the amount of \$1,000,000. You are in an accident where the other driver is at fault. The at-fault driver's liability policy limits are \$25,000 per person. You suffered damages of \$300,000. You receive \$25,000 from the at-fault driver's insurance. Since you still have outstanding losses of \$275,000, you can receive \$100,000 from your **UNDERinsured** motor vehicle coverage under your auto policy and \$175,000 from your underinsured motor vehicle coverage under your umbrella policy.

If you do not have **UNDERinsured motor vehicle coverage**, you may have found yourself in a situation where you did not have enough coverage to meet all of the losses you sustained in the accident.

UNINSURED MOTORISTS COVERAGE OFFER

(EXCEPT FOR THE SELECTION SECTION AND INSURED'S SIGNATURE, THE INSURER MUST COMPLETE THE BLANK SPACES BELOW TO CREATE AN EFFECTIVE OFFER IN ORDER FOR THE CONSUMER TO EXERCISE A KNOWING AND INTELLIGENT SELECTION OR REJECTION.)

AGENT: _____

POLICY/BINDER NUMBER: _____

Below are different limits and the _____ month premium available to you.

MANDATORY OFFER (limits no less than liability coverage):

<u>Bodily Injury Per Person</u>	<u>Bodily Injury Per Accident</u>	<u>Property Damage</u>	<u>Premium</u>	<u>SELECT ONE*</u>
\$ _____	\$ _____	\$ _____	[A] \$ _____	[A] _____

OPTIONAL OFFERS:

\$ _____	\$ _____	\$ _____	[B] \$ _____	[B] _____
\$ _____	\$ _____	\$ _____	[C] \$ _____	[C] _____
\$ _____	\$ _____	\$ _____	[D] \$ _____	[D] _____
<u>REJECT</u>	<u>REJECT</u>	<u>REJECT</u>	[E] <u>REJECT</u>	[E] _____

*A named insured or applicant must complete the selection part of this form in his or her own handwriting. The selection or rejection of coverage is binding on all persons covered under the policy. The selected limits apply until a change in the limits is requested.

I have read the IMPORTANT NOTICE, attached, on UNinsured motor vehicle coverage and understand how this coverage works. I have been given the opportunity to select or reject the limits of UNinsured motor vehicle coverage listed above.

SIGNATURE OF A NAMED INSURED OR APPLICANT

DATE

UNDERINSURED MOTORISTS COVERAGE OFFER

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AGENT: _____

POLICY/BINDER NUMBER: _____

Below are different limits and the _____ month premium available to you.

MANDATORY OFFER (limits no less than liability coverage):

<u>Bodily Injury Per Person</u>	<u>Bodily Injury Per Accident</u>	<u>Property Damage</u>	<u>Premium</u>	<u>SELECT ONE*</u>
\$ _____	\$ _____	\$ _____	[A] \$ _____	[A] _____

OPTIONAL OFFERS:

\$ _____	\$ _____	\$ _____	[B] \$ _____	[B] _____
\$ _____	\$ _____	\$ _____	[C] \$ _____	[C] _____
\$ _____	\$ _____	\$ _____	[D] \$ _____	[D] _____
<u>REJECT</u>	<u>REJECT</u>	<u>REJECT</u>	[E] <u>REJECT</u>	[E] _____

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DATE

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AGENT: _____

POLICY/BINDER NUMBER: _____

Below are different limits and the _____ month premium available to you.

MANDATORY OFFER (limit no less than liability coverage):

<u>Single Limit</u>	<u>Premium</u>	<u>SELECT ONE*</u>
\$ _____	[A] \$ _____	[A] _____

OPTIONAL OFFERS:

\$ _____	[B] \$ _____	[B] _____
\$ _____	[C] \$ _____	[C] _____
\$ _____	[D] \$ _____	[D] _____
_____ REJECT	[E] REJECT	[E] _____

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AGENT: _____

POLICY/BINDER NUMBER: _____

Below are different limits and the _____ month premium available to you.

MANDATORY OFFER (limit no less than liability coverage):

<u>Single Limit</u>	<u>Premium</u>	<u>SELECT ONE*</u>
\$ _____	[A] \$ _____	[A] _____

OPTIONAL OFFERS:

\$ _____	[B] \$ _____	[B] _____
\$ _____	[C] \$ _____	[C] _____
\$ _____	[D] \$ _____	[D] _____
_____ REJECT	[E] _____ REJECT	[E] _____

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