



# Motor Vehicle Liability Insurance

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Driving on the highways of this state is a privilege, not a right. The state may reasonably regulate that privilege, including by requiring a driver to obtain motor vehicle liability insurance coverage.<sup>1</sup> In 2010, Wisconsin parted ways with New Hampshire by joining 48 other states and the District of Columbia in requiring auto liability insurance coverage. This issue brief highlights the principles of that coverage, exceptions to coverage requirements, penalties, and enforcement mechanisms.<sup>2</sup>

## MOTOR VEHICLE LIABILITY COVERAGE

No person may operate a motor vehicle<sup>3</sup> on a highway in this state unless the owner or operator has in effect a liability policy for the vehicle being operated.<sup>4</sup> A “highway” includes all public ways and thoroughfares that are open to the use of the public for vehicular traffic, but does not include private roads or driveways.<sup>5</sup>

The minimum requirements for coverage under a motor vehicle liability policy for a single accident are: \$25,000 for bodily injury or death of one person; \$50,000 for bodily injury or death of two or more persons; \$10,000 for property damage; \$25,000 per person and \$50,000 per accident for uninsured motorists; and, unless rejected by the policy holder, \$1,000 for medical payments per person.

Underinsured motorist coverage is not required, but an insurer must notify a policy holder that it is available. If purchased, minimum underinsured motorist coverage of \$50,000 per person and \$100,000 per incident is required.<sup>6</sup>

## PROOF OF LIABILITY COVERAGE

Each person operating a motor vehicle on a highway in this state must have proof in the person’s immediate possession of compliance with the liability insurance requirements. The person must display the proof, in either printed or electronic format, on demand from any traffic officer.

A person cannot be convicted for a failure to have proof of insurance in the person’s immediate possession if the person produces proof to the office of the traffic officer, or to the court, that the person had liability coverage that was in effect at the time the citation was issued.<sup>7</sup>

## EXCEPTIONS

A person is not required to comply with the above requirements in certain situations, such as the following:

- The owner or operator of the motor vehicle has in effect a bond with respect to the vehicle that is filed with the Department of Transportation (DOT).
- The motor vehicle is owned by a self-insurer holding a valid certificate of self-insurance, and the self-insurer has made an agreement that, with respect to accidents occurring while the certificate is in force, the self-insurer will pay the same amounts that an insurer would have been obligated to pay under a motor vehicle liability policy.
- The owner or operator of the motor vehicle has deposited with DOT cash or securities in an amount of \$60,000 per vehicle.
- The motor vehicle is subject to financial responsibility requirements applicable to certain rented or leased vehicles and human service vehicles.<sup>8</sup>

## PENALTIES

### Monetary

Unless a person is exempt, the penalty for not having motor vehicle liability insurance coverage is a forfeiture up to \$500, and the penalty for not providing proof of insurance is a forfeiture of \$10.<sup>9</sup>

### Licensure and Registration

The penalties for operating, or allowing another person to operate, a vehicle without motor vehicle liability insurance coverage can include suspension of an operator's license and a vehicle's registration under Wisconsin's Safety Responsibility Law, if the operator is involved in a certain type of crash.

The Safety Responsibility Law applies when a vehicle accident results in bodily injury or death, or property damage of at least \$1,000. If an operator involved in such an accident is uninsured, DOT must determine an amount of money sufficient to satisfy any judgment that may be rendered against the operator for damages resulting from the accident. The operator then must deposit security in that amount with DOT. With certain exceptions, if the operator fails to deposit security in that amount, DOT must suspend the operator's license and, if the operator was also the owner of the vehicle, all of the operator's vehicle registrations.<sup>10</sup>

### Impoundment

Under the Safety Responsibility Law, described above, DOT may order the impoundment of any vehicle registered in the name of the owner or operator of the vehicle involved in the accident when security is not deposited as required by the Safety Responsibility Law. A court, however, may prohibit DOT from impounding a vehicle upon a showing that impoundment would result in undue hardship.<sup>11</sup>

## ENFORCEMENT

### Stop or Search Solely For Lack of Liability Coverage

A traffic officer may not stop or inspect a vehicle solely to determine whether a person has liability coverage or is carrying proof of liability coverage.<sup>12</sup>

### Fraudulent, False, or Invalid Proof of Insurance

No person may create the appearance of satisfying the requirement to have motor vehicle liability coverage by forging, falsifying, counterfeiting, or fraudulently altering any proof of insurance. In addition, no person may represent that any proof of insurance or the policy itself is valid and in effect while knowing or having reason to believe that the proof of insurance or the policy is not valid or not in effect. A person committing these violations may be required to forfeit not more than \$5,000.<sup>13</sup>

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<sup>1</sup> See *Steen v. State*, 85 Wis. 2d 663, 671 (1978); *State v. Seraphine*, 266 Wis. 118, 123 (1954); *Sprout v. City of South Bend*, 277 U.S. 163, 171-72, (1928).

<sup>2</sup> For additional information, see Wisconsin Office of the Commissioner of Insurance, [Consumer's Guide to Auto Insurance](#), PI-057 (Apr. 2024).

<sup>3</sup> A "motor vehicle" is any "self-propelled vehicle," and a "vehicle" is every device in, upon, or by which any person or property is or may be transported or drawn upon a highway, with certain exceptions. [s. 344.01 (2) (b) and (e), Stats.]

<sup>4</sup> s. 344.62 (1), Stats.

<sup>5</sup> s. 340.01 (22), Stats.

<sup>6</sup> ss. 344.33 (2) and 632.32 (4) and (4m), Stats.

<sup>7</sup> ss. 344.62 (2) and 344.65 (1) (c), Stats.

<sup>8</sup> s. 344.63 (1), Stats.

<sup>9</sup> s. 344.65 (1) (a) and (b), Stats. In 2024, the forfeiture for operating without insurance is set at \$50, but totals \$200.50 with added costs and surcharges.

<sup>10</sup> ss. 344.12, 344.13, and 344.14, Stats. To reinstate a license or registration, the Safety Responsibility Law requires a person to file a certification of insurance with DOT. This is commonly referred to as an "SR-22" filing. [s. 344.29, Stats.]

<sup>11</sup> ss. 344.04, 344.12, 344.13, and 344.14, Stats.

<sup>12</sup> s. 344.65 (3), Stats.

<sup>13</sup> ss. 344.64 and 344.65 (2), Stats. In 2024, this forfeiture is set at \$500, but totals \$767.50 with added costs and surcharges.