

Car insurance minimums: Illinois' hike in mandatory car coverage might not be enough for seriously injured

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After Heather Anderson was in an accident, her medical bills quickly passed \$75,000. Illinois may soon raise the liability insurance required for auto owners drivers. (Antonio Perez, Chicago Tribune)

Heather Anderson was 3 years old in 1989, the last time that Illinois set minimum mandatory insurance levels for motorists.

Three weeks before her 27th birthday in February and less than two blocks from her home, the Oak Lawn resident experienced firsthand that \$20,000 doesn't go far in covering medical bills. That's when she and her grandmother, who was driving, were injured while making a left turn.

Illinois is poised to raise the minimum required liability coverage for auto insurance to \$25,000 for the injury or death of one person. The legislation was passed by the Illinois General Assembly and awaits the signature of Gov. Pat Quinn. In 1989, Illinois lawmakers voted to require all motorists to carry a minimum of auto liability insurance, which helps pay for injuries to others.

The additional \$5,000 would have helped people like Anderson, who doesn't have health insurance and who had to borrow money for gas to get to doctors' appointments. "It also probably would have gotten me my medication on time instead of having to scrape up some money because I didn't have any," said Anderson, a bartender at a local VFW.

Initially, the amendment to the Illinois Vehicle Code called for the liability insurance minimum to rise to \$50,000. But worries arose that lower-income consumers would be priced out of the car insurance market and would drive without any insurance.

Already 15 percent of Illinois motorists drive without insurance, according to the Insurance Information Institute, a nonprofit supported by the insurance industry.

"Ending up at \$25,000 was a product of negotiation," explained state Rep. Laura Fine, a Glenview Democrat who was among the bill's sponsors.

"We tried to strike a balance between financially protecting the injured while keeping premium rates low for those who purchase the minimum coverage," said Fine, whose husband incurred \$500,000 in medical bills after an April 2010 auto accident.

Also, the original legislation was to take immediate effect; the measure on Quinn's desk applies to policies issued or renewed on or after Jan. 1, 2015.

Raising the minimum liability coverage is estimated to cost Illinois consumers who currently have bare-bones car insurance an additional \$75 a year. The Consumer Federation of America says raising the minimums will exacerbate problems for people who can barely afford insurance now.

Another downside is that additional \$5,000 is a small amount in dealing with today's medical costs. Based on the consumer price index, \$20,000 in 1989 dollars is equivalent to \$37,000 today.

At the same time, consumers are becoming responsible for a bigger share of their medical costs.

A TransUnion Healthcare report released last month found that patients' average out-of-pocket costs on key medical procedures has grown nearly 22 percent in the last year, to \$2,042.

"In the short term, it appears consumers on average have been able to successfully manage their increased out-of-pocket medical expenses with their existing credit facilities," Milton Silva-Craig, president of TransUnion Healthcare, said in the report. "But as those costs continue to rise, there is a concern that consumers — particularly those in the nonprime credit tiers, already strapped for cash — may find themselves in a tight position financially, as health-care costs compete for a larger share of their disposable income."

States above the \$25,000 minimum liability for one injured party include Alaska, Maine, Maryland, Minnesota, North Carolina and Texas, according to the Insurance Information Institute.

After only a few days in the hospital, Anderson's medical bills had already tallied nearly \$75,000.

She received \$20,000 from the liability insurance of the driver who hit her and her grandmother. That driver received four citations, including driving with expired registration and driving without proof of insurance and a valid driver's license.

Her grandmother was cited for failure to yield.

Anderson also received \$20,000 from her grandmother's insurance and \$10,000 through an underinsurance clause in her own auto insurance policy.

So she still owes more than \$25,000 for out-of-pocket medical expenses. And that doesn't include her lost wages. She returned to work May 17 and makes \$7 an hour. She says she has no idea of how she'll cover the costs.

Anderson got teary-eyed during an interview about the ordeal.

The other car hit her door on the passenger side, Anderson said. "It sent us through the intersection and took out the light pole with the driver's side of my grandmother's car," she said.

Anderson's injuries included a pelvis broken in four places.

"Three days in the ICU and four days in the hospital was \$69,000," she said.

The bills have continued to pile up, she said.

She has had eight weeks of physical therapy at \$240 for half an hour, and she goes for an hour a week. The feeling on the right side of her body isn't the same, though the doctor said it should improve. She gets back spasms.

