

What is the benefit of stacked vs non-stacked Uninsured Motorists?

Good question! See article below:

Even with a single car risk, there is a coverage difference between the stacked and non-stacked UM forms, which can affect whether the policyholder will be able to collect UM at all.

The Statutes

Florida Statute 627.727(9) addresses UM coverage and the stacking/non-stacking issue.

Note that the statutes say the company may offer the non-stacked variety of coverage; there is no requirement that they do so. An insurance company could, if they wanted to, write only stacked UM coverage. In fact, some companies offer only the stacked variety of UM coverage under certain situations. Remember too, if the policyholder does not sign an election/rejection form, the UM coverage is issued at a limit equal to the bodily injury limits on a stacked basis.

Coverage Similarities:

Before looking at the differences in stacked and non-stacked UM, let's look at the similarities.

- Both forms allow the insured to get UM coverage occupying an auto that they own and insure.
- Both forms allow the insured to collect while they are occupying an auto not owned by them, for example, the insured rents a car or borrows a friend's car and is injured by an uninsured motorist.
- Both forms allow the insured to collect UM benefits if they are struck as a pedestrian by an uninsured motorist.
- Thus, both the stacked and the non-stacked UM forms provide coverage that is "portable", meaning it follows the insured into other non-owned vehicles and as a pedestrian.

The Dollar Difference:

The stacking provision, in its simplest form, states that the insured can take the UM available on each car that is owned and insured and "stack" it together to be used anywhere. For example, an insured with two cars insured at stacked UM limits of 100/300 would actually have limits of 200/600 while occupying any motor vehicle, or as a pedestrian if struck by an uninsured motor vehicle. On the other hand, non-stacking is much like "what you see is what you get," meaning the UM limit you see on the declarations page is what you get, no matter how many cars you own and insure.

- Example #1: Bill has UM limits of \$100,000 per accident and owns two cars that are both insured on one policy. An at-fault driver hurts Bill while Bill is in a rental car out-of-state on business. With stacked UM Bill has \$200,000 of UM available under his own policy. With non-stacked UM Bill has \$100,000 of UM coverage available under his own policy.
- Example #2: Bill has UM limits of \$100,000 per accident and owns two cars that are both insured on one policy. Bill is in his car, and is injured by a hit-and-run driver. With stacked UM, Bill has \$200,000 of UM available under his own policy. With non-stacked UM, Bill has \$100,000 of UM coverage available under his own policy.
- Example #3: Bill has UM limits of \$100,000 per accident and owns two cars that are both insured on one policy. Bill's son, Junior, is walking at night and is struck by a hit and run driver. With stacked UM Junior has \$200,000 of UM available. With non-stacked UM, Junior has \$100,000 of UM coverage available.

These examples point out how an insured, with multiple cars insured, is able to receive higher dollar amounts with stacked coverage than would be possible with non-stacked coverage.

The Coverage Difference:

There is a significant coverage difference between the two forms which could affect whether the insured can collect under the UM provision of the policy.

The non-stacked form has an exclusion stating that the insured can't collect UM while occupying a vehicle

owned by the insured, but not insured for UM under the policy. See examples of how the exclusion would apply. Examples apply whether there is just one vehicle insured, or more than one:

- The insured obtains a second vehicle and does not call to report the vehicle within the allowable 14-day period. (Companies vary on the 14-day issue.) Two months later, the insured is hurt in that new vehicle, injured by an uninsured motorist. Coverage under the non-stacked form will not respond. Stacked UM would respond.
- The insured is a "snowbird" who insures one vehicle in Florida under non-stacked UM and owns another vehicle "up north." He/she is insured in that vehicle and is injured by an uninsured motorist. The Florida non-stacked coverage will not respond. Stacked responds.
- The insured owns a motorcycle, insures it separately under a motorcycle policy and has rejected UM under the motorcycle policy. In addition, the insured owns a car insured on a PAP with non-stacked UM. While on the motorcycle the insured is injured by an uninsured motorist. The non-stacked UM form covering the car would not respond. Stacked UM under the PAP responds.
- The insured owns one auto, insured under a PAP with non-stacked UM. He obtains an additional vehicle (pickup truck) that does not qualify for the PAP due to extensive business use. A separate business auto policy (BAP) is written on the pickup truck and UM is rejected on that policy. A few months later the insured is injured in that pickup truck and claims UM under the PAP. Non-stacked UM does not respond; stacked responds.
- The insured insures one auto on a PAP with non-stacked UM. He marries and his new wife has a PAP on her car where UM was rejected. About 60 days after the marriage an accident takes place while occupying the wife's auto. Under the husband's PAP there is no coverage due to non-stacked UM being on the policy. Stacked would have responded.
- The insured lives close to the Florida border, owns a vehicle in an adjoining state, has a PAP on that car through an agent in the other state, and has rejected UM. He owns a Florida car, insured on a PAP with non-stacked UM. While in the out-of-state car, he is injured and claims UM under his Florida PAP. Non-stacked does not respond; stacked responds.

In the above situations, stacked UM responds because there is no exclusion in the stacked form saying the insured can't collect UM in a vehicle owned but not insured. Said another way, the client could own three vehicles and insure only one of them for UM and still collect while occupying any of the vehicles under the stacked form. (Also note that there is no exclusion in either UM form dealing with a vehicle with less than four wheels.)

These examples show that there are two differences in the two UM forms. One relates directly to how much money the client can collect. The other difference is whether the form responds or not. The stacked UM form will respond at times when the non-stacked UM form does not. Even on a one-car risk, there is a difference in UM coverage. That is why stacked UM on a one-car policy costs more than non-stacked UM on the same one-car policy.

Single Car Risks

The original question was, "Why should someone carry stacked UM on a single car policy?" To say that stacked UM benefits only those with more than one car is not correct.

The 2006 Florida Third District Court of Appeals class action case of Collins vs. GEICO addressed the "single car UM" issue. Ms. Collins (and others) filed suit against GEICO with an allegation that that, for a number of years, she paid a premium for stacked UM, yet owned only one vehicle. According to the case, this caused her to pay an additional 20 percent for coverage she did not benefit from. The trial court found against Ms.

Collins and she appealed. The appeals court upheld the trial court and stated in part:

Collins contended at oral argument that she is entitled to a return of her stacked uninsured motorist premium for the years she owned only one automobile. She argues that an insured benefits from stacking only when the insured can aggregate or stack the coverage from one vehicle upon another. Therefore, she received no benefit for the additional premiums she paid. We disagree. It is true that stacked uninsured coverage enables the insured to stack the coverage for one owned automobile onto the coverage of another owned automobile. That is not the only benefit of stacked coverage. Even with one automobile, should the insured have an uninsured motorist claim, stacked coverage provides certain benefits above those received with non-stacked. Section 627.727(9)(a)-(e) delineates the limitations in uninsured motorist coverage, in addition to the limitation of not being able to stack the coverage from one vehicle onto another, when non-stacked insurance is obtained for a twenty percent decrease in premium. When the insured purchases stacked coverage, the limitations of section 627.727 (9)(a)-(e) do not apply thereby giving the insured certain benefits for the twenty percent additional premium even when only one vehicle is owned. Therefore, a benefit was received by Collins for the premiums she paid for stacked coverage.

Summary

This article shows that there are two differences in the stacked and non-stacked UM forms. One relates directly to how much money the client can collect; the other difference is whether the form responds or not. The stacked UM form will respond at times when the non-stacked UM form does not. Even on a one-car risk, there is a difference in UM coverage. The fact that stacked UM is broader on single car risks is the reason that stacked UM on single car policies costs more than non-stacked UM coverage.