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REPRESENTATIVE  
BEN GRUSSENDORF

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RULES COMMITTEE  
LEGISLATIVE COUNCIL

DISTRICT 3  
ELFIN COVE  
PELICAN  
FORT ALEXANDER  
SITKA  
TENAKEE

# Alaska State Legislature



House of Representatives  
SPEAKER OF THE HOUSE

WHALE IN JUNEAU  
P O Box V  
JUNEAU ALASKA 99801  
(907) 485-3124  
(907) 485-3720

## M E M O R A N D U M

TO: Rep. Ben Grussendorf  
FROM: Katherine Buchanan  
DATE: February 19, 1987  
RE: HB 36

According to Steve Stiles of the National AARP the following state have already passed similar legislation:

Connecticut	Illinois	Rhode Island
Minnesota	New York	North Dakota
Delaware	Arkansas	Kentucky
Louisiana	Virginia	Oklahoma
Florida	Texas	Tennessee
Wyoming	and Washington, D.C.	

The following states recently passed this legislation:

effective July 1, 1986: Washington and West Virginia

effective July 1, 1987: Montana, South Dakota and California

The proposed legislation mandates a 10% premium reduction for a driver over age 55 who requests the reduction and has within the previous three years completed a motor vehicle accident prevention course approved by the Department of Public Safety.

The principal issue of concern with this legislation is not whether persons meeting the conditions in the bill should receive a credit in their automobile insurance for that condition, but whether the amount of credit should be established in legislation. While such an action would be appropriate where the state is the insurer, it is subject to question in those cases where that insurance is provided by private insurers.

The State of Alaska has not previously mandated specific rates, rate levels or rate values for insurance written in this state. To do so conflicts with the insurance rate law (AS 21.39.010 et seq.) which requires that a rate shall be neither excessive, inadequate, nor unfairly discriminatory. If rate reductions or changes occur due to particular conditions, the law now requires that the credit should actually reflect the experience of the insurer or a group of insurers or persons who meet the conditions for the particular credit.

To the degree that a particular level of mandated credit is incorrect, a subsidy is created. When that occurs, the subsidized business finds it difficult to find a standard market. Alaska expends a considerable effort in maintaining a marketplace for a vast variety of kinds of insurance. This is complicated by the fact that Alaska represents about 1/2% of the premium in the United States. To the degree that insurers perceive that Alaska provides a favorable climate and the opportunity for profit (real or imagined), insurers are willing to participate in the Alaska marketplace. When that perception changes due to conditions wrought by regulation or legislation, insurers tend to migrate to more profitable jurisdictions.

A rate reduction may or may not be warranted for the conditions in the bill depending on a number of other factors that a statutorily mandated rate would be unable to consider. An extreme example for sake of illustration would be where an insurer writes only drivers over 55 who meet the conditions set forth in the bill, and whose rates are adequate for that selection of business. In such a case, this proposal would force the insurer to charge a rate that would be inadequate for this class of insured. Further, the selection of age 55 may be unfairly discriminatory if other age groups have a similar experience when meeting similar conditions.

We are concerned that the very group this legislation intends to assist, may be hurt by its presence.

An alternative approach that would likely to be less disruptive in terms of our efforts to promote Alaska as a good place for insurers to do business would be to mandate the rule but not the value of the rule.

AMENDMENTS

On page 1, line 11, remove the words "10 percent reduction," and insert "credit."

⊗ On page 1, line 12, following the word "for," insert the words "bodily injury liability, property damage liability, and collision coverages in" and delete the word "casualty."

## Position Paper

### Automobile Insurance Discount

The State Legislative Committee of the American Association of Retired Persons proposes that legislative steps be taken to reduce automobile insurance premiums for motor vehicle operators age 55 and older who complete a state-approved driver education course.

Rationale: Motor vehicle operators age 55 and older are a unique population and have specific physiological considerations and driving problems. How do these individuals compare with age brackets in safe driving practice and incidence of accidents?

In order to obtain an accurate picture it is not enough to consider only age and number of accidents, its necessary to factor in the annual number of miles driven per year. Research shows that the number of annual miles driven by motor vehicle operators begins to decline significantly after age 55. Therefore, an important consideration with regard to the safe driving practices and abilities of older persons is the criteria used to determine accident involvement statistics.

The record of the older driver is good when calculated on the basis of accidents per driver. When the same figures are examined on the basis of miles driven annually, a different picture emerges. This more significant and meaningful statistic highlights the urgent need for corrective measures to re-educate older drivers.

Because older persons drive fewer miles, corrections must be made for driving exposure. When this factor is included in accident involvement rates, and the involvement per exposure is determined, a U-shaped curve of accidents versus age results. Violation and accident rates per mile are higher for the youngest and oldest drivers and lower for those in the middle ranges. Although one can quibble over the exact placement of the curve, a general "U" configuration has emerged in every major study undertaken during the past 10 years.

The National Safety Council reports that when the number of miles driven is taken into account, drivers age 55 and over have a poorer accident record than drivers in their middle years.

The U. S. Department of Transportation identifies the older driver as being age 60 and older and in a group which requires special consideration in the development of driver improvement training procedures. The National Highway Safety Forecast points out that the older driver is adjudged at fault more than middle aged drivers, and due to the population age shifting currently underway in America, is perhaps one of the fastest growing highway safety problem areas.

Older drivers have problems when involved in driving situations requiring quick response, full vision and interaction with other drivers. Typical violations include failure to yield right-of-way, improper turning, incorrect lane changing, passing, and entering and leaving expressways.

The older driver learned to drive during the first forty years of this century, well before the advent of formal driver education programs in the public school systems. The older driver that has completed a formal driver training course is the exception rather than the rule.

These individuals may experience physical changes which affect driving abilities and attitudes. People age at different rates, so age alone is not a fair criterion for determining driving competence. There is no question, however, that driving ability can be affected by the aging process. The gradual failure of sensory acuity associated with aging reduces the quantity and accuracy of information capable of being processed. This reduces the ability of the individual to respond or react to his environment with the speed and judgment current traffic often requires.

Eighty-five to ninety percent of all sensory input needed to drive comes via the eye. Unfortunately, as one ages the need for more illumination increases, glare sensitivity rises, dark adaptation lessens, and peripheral vision narrows. Hearing loss also presents problems for older drivers. It is also broadly accepted that as one ages muscles tend to weaken or atrophy.

Primary Objective: By passage of this legislation, will create an economic incentive for older drivers to take a driver improvement course and thereby improve their driving capabilities. This reduces their chances of accident and accident claim filings, and creates a safer driving environment for all. Notably, the proposed legislation brings this about without cost to the state.

The older driver earns the driver improvement discount by taking a preventive step. This incentive discount is given in addition to any other marketing discounts, such as for non-smokers, seat-belt wearers, those reaching a certain age, etc.

The automobile insurance industry writes policies on accidents per age group, and thus considers older drivers to be a reduced risk because of the fewer miles that they drive. In fact, some insurance companies reduce premiums for drivers after age 55 or 65, much the same as they do for drivers after age 25. The issue is not whether some automobile insurance companies may or may not reduce rates for older drivers as a marketing tool. The primary issue is reducing accidents per mile involving drivers age 55 and older.

Action in other states: Legislation has been enacted in <sup>22</sup>16 states and the District of Columbia which require all automobile insurance companies conducting business in those states to provide a premium reduction to graduates of state-approved driver improvement courses. The list now includes:

<u>State</u>	<u>Discount</u>	<u>Age</u>	<u>Effective Date</u>
AR	Approp. 5-20%	55+	1981
CT	Approp. Min. 5%	62+	1983
DE	10% on liab. & personal injury protection	16+	1982
DC	Approp. 5-10%	55+	1985
FL	Approp. reduction	65+	1986
KY	Approp. reduction	55+	1984

<u>State</u>	<u>Discount</u>	<u>Age</u>	<u>Effective Date</u>
IL	Approp. 5-10%	55+	1982
LA	Approp. 5-10%	55+	1984
MN	Approp. reduction	65+	1985
ND	Approp. 8-10%	55+	1983
NY	Min. 10% on liability	16+	1981
OK	Approp. reduction	55+	1986
RI	Approp. reduction	55+	1984
TN	Approp. 8-10%	55+	1984
TX	10% of premium	16+	1974
VA	Approp. reduction	55+	1985
WY	Not less than 10% of premium	60+	1983

Many other state legislatures are considering this legislation. It is hoped that will add this legislation to its statutes.

CONCERNS AND RESPONSES REGARDING OLDER  
DRIVER DISCOUNT LEGISLATION

Prepared by AARP's State Legislative Committee

- A. CONCERN: Since statistics seem to show drivers age 55 and older among the safest on the road, what is the rationale for legislation that would encourage participation at a driver improvement course?

RESPONSE: The National Safety Council finds that drivers age 55 and older have a poorer accident record, considering the number of miles driven, than do drivers in their middle years. The U. S. Department of Transportation statistics agree: older drivers are at fault more frequently than middle age drivers in accidents and violations reported by law enforcement officials.

It is not enough to consider only age and the number of accidents. From this limited perspective one sees that drivers 55 and older make up 24% of the driving population, yet are involved in only 18% of the accidents. But when driving exposure is considered, measured by the number of miles driven, older drivers have a higher percentage of accidents than their population warrants. Violation and accident rates per mile is higher for the youngest and oldest drivers, and lower for those in the middle range.

Research shows that the aging processes that affect driving generally become significant when persons reach their fifties. The U. S. Department of Transportation recommends that special consideration be given to older drivers when driver improvement courses are developed.

- B. CONCERN: Since a number of driver improvement courses already exist, why aren't older drivers enrolling?

RESPONSE: Older drivers do enroll in driver improvement courses, nationwide and here in . Many more will do so, however, when an economic incentive is available through legislative mandate. Experience in other states that have passed this type of legislation has shown that most people need an economic incentive to actively seek improvement of their driving skills. In of our neighboring states, experience with this legislation and of older drivers are now enrolling there. Should enact this bill, there will be accident claim reductions and fewer injuries and fatalities on our roads as well.

- C. CONCERN: It seems that older drivers are being singled out for special consideration. Isn't this age discrimination? Why not allow drivers of all ages to participate in any mandated insurance incentive program?

## CONCERNS AND RESPONSES

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RESPONSE: The American Association of Retired Persons is interested in resolving problems of older persons. However, if will pass legislation allowing discounts for all drivers attending driver improvement courses, we would not be opposed. We have been informed by numerous insurance companies and insurance trade associations that they are against legislation involving the younger driver. In fact they have fought against including drivers below age 55 in many states where legislation has been enacted for drivers age 55 and over. This legislation does not establish a special category of drivers in any discriminating sense. It simply recognizes an area of need and provides an incentive to help older drivers and the insurance industry reduce accidents and accident claims.

- D. CONCERN: Many automobile insurance companies already offer discounts for older drivers based on accidents per age group. Would this legislation jeopardize these discounts?

RESPONSE:

<sup>22</sup>  
~~Sixteen~~ states and the District of Columbia have already enacted similar legislation. The discount provided to graduates of approved driver improvement courses is the last discount applied. The automobile insurance industry writes policies on accidents per age group and thus considers older drivers a good risk, due to the fewer miles that they drive. In fact, some insurance companies reduce premiums for drivers after age 55 or 65, much the same as they do for drivers after age 25.

The goal of mandated legislation, however, is to provide an incentive discount on automobile insurance premiums that encourages older drivers to take a driver improvement course and to reduce the chances of accidents and claim filings. The driver earns the discount by taking a positive prevention step, unrelated to any other discount.

The discount given graduates of approved driver education courses is given in addition to any other marketing discounts provided to non smokers, seat belt wearers, those reaching a certain age, etc. None of these marketing discounts was dropped when states mandated this legislation.

- E. CONCERN: Would drivers not involved in driver improvement courses have to subsidize the discount provided to those who complete one of the approved courses by paying higher premiums?

RESPONSE: This has not been the case in the other mandated states. In Texas where the insurance discount has been in effect for 10 years, the phrase used by insurance companies is that the discount is "fully earned". Although most states recently enacted this legislation, it is our belief that time will show a accident and violation reduction. The insurance companies will save money due

## CONCERNS AND RESPONSES

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to fewer accident claim filings. As a consequence drivers not participating in the mandated insurance driver improvement program will not pay a higher premium, but will be encouraged by their insurance companies to enroll in a driver improvement course.

- F. CONCERN: Why must the word mandated to be included in the language? Can't the language be changed to allow voluntary participation?

RESPONSE: Any company may provide a voluntary discount at present. Unfortunately, few have chosen to do so. If all are required to participate, insurance companies have said that they would go along.

- G. CONCERN: The legislation includes the term "appropriate reduction" and contains a retake feature. What does this mean?

RESPONSE: The term "appropriate reduction" would allow competition within the insurance industry of to set the reduction percentage. In other words, if the bill becomes law, no one would dictate the terms of an "appropriate reduction" to the state's insurance industry. Each company in the state would set its own discount rate and be able to raise or lower the percentage each year based on the accident claims experience of policyholders that graduate from approved driver improvement courses.

Experience in other states with similar legislation has demonstrated the competitiveness of this feature. Companies have selectively increased refresher course discounts as a marketing tool to attract new clients.

The insurance trade associations also feel that any individual graduating from an approved course should retake an approved curriculum every two or three years. This keeps information current, and also refreshes the driver on necessary skills and techniques to remember.

- II. CONCERN: What research is available to prove driver improvement courses work?

RESPONSE: Numerous studies have been conducted on the well known courses, and the results demonstrate effectiveness. It is worth noting that no state has rescinded this type of legislation, and to remember the 10 years' experience in Texas that finds discounts to be "fully earned".

The insurance industry, however, considers these evaluations to be limited tests that do not demonstrate 'statistical significance' in their accident or violation reduction findings. In order to

CONCERNS AND RESPONSES

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satisfy the insurance industry, and demonstrate 'statistical significance', an older driver course evaluation must involve 20,000-30,000 students, randomly assigned to a control group that doesn't take the course and a treatment group that completes the course. Both groups need to be followed for a period of time via questionnaires and a sample of Department of Motor Vehicle records must be accessed to validate self report forms. Financially and logistically, this has proved impossible for course developers. The insurance industry has not been willing to initiate a study of this size or to work with course developers.

I. CONCERN: Does AARP make money on its driver improvement course?

RESPONSE: No. AARP actually subsidizes approximately two-thirds of overall program costs, and charges each participant a minimal fee to offset the balance of expenses. Sponsors' purpose behind driver improvement courses, at least for the major well-known programs, is education rather than financial reward. But AARP is not in a position to speak conclusively for other organizations.

J. CONCERN: Why is it that several of the states which have passed this legislation have only a small percentage of eligible drivers participating to date?

RESPONSE: Although approved courses are widely publicized, they need help from the insurance companies to notify potential participants. Automobile insurance companies doing business in \_\_\_\_\_ should be requested to notify their eligible policyholders that the discount can be obtained upon completion of an approved course.

K. CONCERN: How would the legislation be implemented?

RESPONSE: In the proposed legislation, an appropriate state agency is designated to select the courses that will be approved for the mandated insurance discount program. In most states the Department of Motor Vehicles has been selected. Program regulations and guidelines are usually drawn up in consultation with officials of states which have already passed similar legislation.

L. CONCERN: Will this legislation cost the state anything?

RESPONSE: There is no fiscal note for the state.

FOR FURTHER INFORMATION REGARDING THIS PROGRAM WRITE:

AARP  
Traffic & Driver Safety Program  
1909 K Street, N.W.  
Washington, D.C. 20049

# Summary Analysis 55 Alive/Mature Driving

AREA	# of 1983 Graduates	# of 1984 Graduates	# of 1985 Graduates	# + OR - 1984-1985	% + OR - 1984-1985	Penetration Rate (% Grads to 50+ Driver Population)	Rank Among 52 Jurisdictions			Penetration
							# Grads	# +/-	% +/-	
IX	2,208	3,725	6,212	2,487	67%	.112%	7	6	6	9
AZ	871	900	1,461	561	62%	.249%	12	21	37	15
CA	1,212	2,661	4,599	1,938	73%	.099%	6	6	34	26
HI	113	70	76	6	9%	.051%	47	47	47	35
NV	12	94	76	-18	-19%	.043%	48	48	50	39
AREA X	710	1,087	2,973	1,886	174%	.185%	9	9	3	7
AK	-	28	128	100	357%	.272%	44	38	8	13
ID	33	19	70	51	268%	.038%	49	41	10	44
OR	130	390	1,165	775	199%	.209%	15	12	16	17
WA	547	650	1,610	960	148%	.197%	11	10	25	19
TOTAL	61,179	60,177	98,941	38,764	64%	.218%				



## 55 ALIVE/MATURE DRIVING

### Background

The AMERICAN ASSOCIATION OF RETIRED PERSONS was founded in 1958. Today the Association is the nation's leading nonprofit, nonpartisan organization that provides a vital fellowship for men and women age 50 and over whether they are still actively employed, semi-retired or retired.

Currently the Association's membership stands at just over 19 million and continues to grow at a rate of 200,000 new members each month. Approximately 1 out of every 3 Americans age 50 and over belongs to AARP. For interested members there are more than 5,000 chapters nationwide which work for local community welfare, carry on programs to support the goals of the national organization, and provide educational and social programs.

One of AARP's most significant services is to inform and rally members around legislative issues being considered by older persons.

Recognizing the need to help older drivers improve their skills and prevent traffic accidents, AARP offers 55 ALIVE/MATURE DRIVING to all motorists age 50 and over. The eight hour classroom refresher is the first nationwide, comprehensive curriculum designed especially for the older motorist. 55 ALIVE/MATURE DRIVING is available to both Association members and non-members.

AARP's involvement in Driver Improvement education for older Americans began in 1969. In that year the Association commenced teaching the National Safety Council's (NSC) Defensive Driving Course (DDC) to older Americans nationwide. The program grew dramatically each year and by 1979, when the DDC was phased out, more than 400,000 older Americans had completed the course. In addition, the National Safety Council honored AARP as the number one civilian trainer of drivers every year between 1969 and 1979. The ten consecutive awards cite outstanding contributions to adult driver education.

One reason for the program's extraordinary growth rate was the enthusiastic response from Association members who volunteered to become instructors. More than 4,000 instructors age 50 and over were trained by AARP during the involvement with DDC.

Beneficial as this training effort was, the DDC program had some limitations for older motorists. It was felt that another program was needed. The DDC was not geared to compensate for the age-related physical changes of older persons. It was designed for all drivers age 16 and over. As such, areas which are not seen as serious problems for the older driver are given considerable emphasis. Age-related areas of importance are not covered in detail during the DDC presentation. In developing a specific classroom refresher curriculum for older motorists it was concluded that age-related physical changes, declining perceptual skills, rules of the road, local driving problems and license renewal merited prime consideration.

An additional change deemed necessary was in the manner of program presentation. Older adults learn best and have the greatest retention rate when the opportunity to participate in the learning process is maximized.

Convinced that older drivers should have a training program of their own, AARP decided to create one. Data was collected from all the nation's state departments of motor vehicles, state agencies on aging, state offices of highway safety and state departments of transportation. Along with that canvassing, materials were reviewed and contributions received from Safety Councils, Associations, Universities and various agencies of the federal government. Discussions were held with many of the nation's distinguished traffic safety educators to obtain their views regarding the needs of older drivers. During this process a total of 12 older driver courses were uncovered that had been developed since 1961. Most were shortlived but they were examined for their successes and failures. The result is the first comprehensive driver education program fashioned specifically to meet the needs of older motorists. The new program is titled 55 ALIVE/MATURE DRIVING.

## Development

**55 ALIVE/MATURE DRIVING** concentrates on those driver education concerns important for older Americans.

In the United States, there are approximately 45 million registered drivers age 50 and over. This constitutes 30% of all drivers on the nation's roadways. According to U.S. Government figures this is expected to increase significantly by 1990. It is anticipated that women drivers over age 65 will increase 129% over the next five years.

Drivers over age 50 are a unique population and have specific physiological considerations and driving problems. **55 ALIVE/MATURE DRIVING** is aimed at this target population. How do these individuals compare with other age brackets in safe driving practice and incidence of accidents? In order to obtain an accurate picture it is not enough to consider only age and number of accidents, it is necessary to factor in the annual number of miles driven per year. Research shows that the number of annual miles driven by motor vehicle operators begins to decline significantly after age 55. Therefore, an important consideration with regard to the safe driving practices and abilities of older persons is the criteria used to determine accident involvement statistics. The record of the older driver is good when calculated on the basis of accidents per driver. When the same figures are examined on the basis of miles driven annually a different picture emerges. This more significant and meaningful statistic highlights the urgent need for corrective measures to re-educate older drivers.

Since older persons drive fewer miles, corrections must be made for driving exposure. When this factor is included in accident involvement rates, and the involvement per exposure is determined, a U-shaped curve of accidents versus age results. Violation and accident rates per mile are higher for the youngest and oldest drivers and lower for those in the middle ranges. Although one can quibble over the exact placement of the curve, a general "U" configuration has emerged in every major study undertaken during the past 30 years.

The National Safety Council reports that when the number of miles driven is taken into account, drivers age 55 and over have a poorer accident record than drivers in their middle years.

The U.S. Department of Transportation identifies the older driver as being age 60 and older and a group which requires special consideration in the development of driver improvement training procedures. The National Highway Safety Forecast points out that the older driver is adjudged at fault more frequently than middle aged drivers, and due to the population age shifting currently underway in America, is perhaps *one of the fastest growing highway safety problem areas*.

Older drivers do not commit traffic violations such as speeding, drunk driving or reckless driving to any significant degree.

Older drivers do have problems when involved in driving situations requiring quick response, full vision and interaction with other drivers. Typical violations include failure to yield right-of-way, improper turning, incorrect lane changing, passing, and entering and leaving expressways.

The older driver learned to drive during the first forty years of this century, well before the advent of formal driver education programs in the public school systems. The older driver that has completed a formal driver training course is the exception rather than the rule.

These individuals may experience physical changes which affect driving abilities and attitudes. People age at different rates so age alone is not a fair criterion for determining driving competence, and there is no question that driving ability can be affected by the aging process. The gradual failure of sensory acuity associated with aging reduces the quantity and accuracy of information capable of being processed. This reduces the ability of the individual to respond or react to his environment with the speed and judgement current traffic often requires.

Eighty-five to ninety percent of all sensory input needed to drive comes via the eye. Unfortunately, as one ages the need for more illumination increases, glare sensitivity rises, dark adaptation lessens, and peripheral vision narrows. Hearing loss also presents problems for older drivers. It is also broadly accepted that as one ages muscles tend to weaken or atrophy.

Research shows that normal age related physical changes begin to accelerate at age 55. Accidents per mile driven begin to increase at this same age. This is the reason we call the course **55 ALIVE/MATURE DRIVING**. The course title has nothing to do with the 55 mph speed limit.

We accept all motor vehicle drivers age 50 and over because this action allows the 50-54 year old age group to prepare for the normal age related physical changes and anticipate accident behavior. It gives them a head start.

## **Curriculum: Edition II**

The 55 ALIVE/MATURE DRIVING curriculum consists of six separate sessions. The course is given three sessions at a time over a two day period. Each three session segment lasts four hours.

### **Session One: Overview**

To define course content, a series of slides describes the characteristics of the driver age 55 and over and establishes the relevance of the curriculum that will follow. Group discussion centers on driving frustrations and effects of aging on individual driving behavior.

### **Session Two: Physical Changes**

Discussion is held on the many unrecognized but normal losses in vision, hearing and reaction time as they relate to driving performance. The session concludes with an examination of the effects of alcohol and medication on driving.

### **Session Three: Interacting with Traffic**

Basic rules of driving particularly pertinent to the 55+ driver are discussed. These include right-of-way, intersections, turning and passing. A review of the shapes, colors and types of road signs as well as pavement markings is featured.

### **Session Four: Interacting with Traffic Continued . . . and Safety Belts**

A discussion of the rules of the road continues with entering and leaving freeways, parking and backing. Safety belt usage and nonusage is considered as well as what a driver can expect if involved in an accident while not wearing a safety belt.

### **Session Five: Accident Prevention Measures, Adverse Driving Conditions, Other Road Users and Auto Maintenance**

Accident prevention measures and the effect of adverse driving conditions such as night, inclement weather and rush hour driving are considered. Discussion of other road users spotlights pedestrians, bicycles, trucks, motorcycles, towed vehicles, and stray animals. Proper techniques for handling unexpected driving emergencies are reviewed. Fuel economy measures are recommended. Suggestions are made regarding comparison shopping for automobile insurance. The proper way to maintain your automobile is discussed.

### **Session Six: Perception and Course Wrap-up**

A series of slides present perceptual problems likely to be encountered in various driving environments. Group discussion focuses on major driving hazards in specific driving environments. A brief review of the previous sessions conclude the course.

## **Conduct Of Courses**

Courses are conducted by volunteers aged 50 and over utilizing the peer concept. These volunteers are recruited and trained by AARP in a three phase process. An Instructor Training Session provides the overall training to conduct educational discussion groups and review educational learning skills. In the second phase the Instructor's first course is conducted as a practice teaching session in that it is monitored by the trainer. The last phase is an on-going supervision process supplemented by in-service training workshops held regularly. All of these costs are subsidized by the Association.

Each participant in 55 ALIVE/MATURE DRIVING is charged a minimal fee to help offset overall program costs which include instructor recruitment and training, instructor out-of-pocket expenses, ongoing supervisory training nationwide, and program materials and their distribution. AARP subsidizes the remaining expenses amounting to 50%. Each Instructor volunteers his/her time and recruits sponsors who provide a rental free facility and slide projector.

## **Evaluation**

Between 1979 and 1981 55 ALIVE/MATURE DRIVING was subjected to one of the most exhaustive, independent and penetrating evaluations of any driver education curriculum on the market today by the U.S. Department of Transportation.

The two-year evaluation included random assignment of participants into a control group and treat-

ment group. The control group did not take the course but filled out a series of questionnaires, at one year intervals, on their driving behavior and attitudes; personal accident and violation data were requested for the last three years. The control group also completed several knowledge tests during this same period.

The treatment group completed 55 ALIVE/MATURE DRIVING and filled out the same questionnaires as the control group in the same one-year intervals over a two-year period. Project staff accessed state DMV records on a good sample of treatment and control group members to validate the self-report questionnaires completed by both groups.

Evaluation staff members have been concerned from the outset that, due to reduced annual mileage after age 55, older drivers take longer to have accidents, and it would be difficult in this limited evaluation to demonstrate statistical significance in accident and violation reduction. This proved to be the case.

Project researchers found a large and statistically significant increase in knowledge in the treatment group that was retained during the entire evaluation period. Drivers taking the 55 ALIVE/MATURE DRIVING course showed a trend in violation reduction; although numbering several thousand, the evaluation participants were not large enough in numbers to demonstrate statistical significance regarding accidents.

### Insurance Reduction

Currently several automobile insurance companies voluntarily provide premium reductions to graduates of 55 ALIVE/MATURE DRIVING in selected states. In addition legislation has been enacted in 14 states and the District of Columbia which require all Automobile Insurance companies conducting business in those states to provide a premium discount to graduates of state-approved Driver Improvement courses. AARP's 55 ALIVE/MATURE DRIVING is approved in every state.

The list now includes:

State	Discount	Age	Effective Date
AR	Approp. 5-20%	55 +	1981
CT	Approp. Min. 5%	62 +	1983
DE	10% on liab. & personal injury protection	16 +	1982
DC	Approp. 5-10%	55 +	1985
KY	Approp. reduction	55 +	1984
IL	Approp. 5-10%	55 +	1982
LA	Approp. 5-10%	55 +	1984
MN	Approp. reduction	65 +	1985
ND	Approp. 8-10%	55 +	1983
NY	Min. 10% on liability	16 +	1981
RI	Approp. reduction	55 +	1984
TN	Approp. 8-10%	55 +	1984
TX	10% of premium	16 +	1974
VA	Approp. reduction	55 +	1985
WY	Not less than 10% of premium	60 +	1983

Many other states are currently considering this mandated legislation.

We know that 55 ALIVE/MATURE DRIVING will substantially improve the driving skills of older motorists. We're convinced the program will help older drivers update driving knowledge, sharpen skills and remain on the road longer. Under this program we will be able to reach out to the entire community and offer the services to all people age 50 and over, not just Association members. As a result, a lot more people will benefit. In fact, we believe in time the program could emerge as a national model for traffic safety officials.

### For Further Information Regarding This Program Write:

AARP  
 Traffic & Driver Safety Program  
 Program Department  
 1909 K Street, N.W.  
 Washington, DC 20049

# STATE OF ALASKA THE LEGISLATURE

POUCH Y - STATE CAPITOL  
JUNEAU, ALASKA 99811  
907-465-3800

## LEGISLATIVE AFFAIRS AGENCY LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

H. JUD.	3-9-87	1:30 p.m.
H. JUD.	3-3-87	1:30 p.m.

# HOUSE COMMITTEE REPORT

(7)

Date referred 2/20/87

FURTHER REFERRALS:

DATE: 3-9-87

The Judiciary Committee has considered HB 36

"An Act requiring certain motor vehicle insurance policies to provide reduced rates for certain persons."

**RECOMMENDS:**

- replace with HB 36 (Judiciary)  the same title
- attached amendment(s)  a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the \_\_\_\_\_ Committee

**ADOPTS:**  \_\_\_\_\_ letter of intent

**ATTACHES NEW FISCAL NOTE(S):**

- fiscal impact  same as previous fiscal note published \_\_\_\_\_
- zero fiscal note  same as previous zero fiscal note published 2-20-87
- zero with analysis

**SIGNING DO PASS:**

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**SIGNING OTHER RECOMMENDATIONS:**

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\_\_\_\_\_

Chairman's signature

Offered: 2/20/87  
Referred: Judiciary

5-0267B

Original sponsor: Grussendorf

*Bodily injury liability, property damage liability, and collision coverages ins.*

BY THE LABOR AND  
COMMERCE COMMITTEE

1 IN THE HOUSE

2 CS FOR HOUSE BILL NO. 36 (L&C)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

A BILL

6 For an Act entitled: "An Act requiring certain motor vehicle insurance  
7 policies to provide reduced rates for certain per-  
8 sons."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 \* Section 1. AS 21.89.020 is amended by adding new subsections to read:

11 (f) An insurer shall provide an appropriate reduction of not  
12 less than five percent in the premium charged for a motor vehicle  
13 casualty insurance policy when the principal operator of the motor  
14 vehicle covered by the insurance policy

15 (1) is 55 years of age or older;

16 (2) requests the insurer to provide the reduction;

17 (3) provides the insurer with proof satisfactory to the  
18 director that the operator has within the three years before request-  
19 ing the reduction taken and successfully completed a motor vehicle  
20 accident prevention course approved by the Department of Public Safety  
21 under AS 28.05.035; and

22 (4) did not take and complete the accident prevention  
23 course described in (3) of this subsection as a result of an order or  
24 sentence imposed by a court.

25 (g) An insurer may cancel a rate reduction provided under (f) of  
26 this section if during the policy period the principal operator of the  
27 insured motor vehicle is

28 (1) involved in an accident caused by the operator; or

29 (2) convicted of a moving traffic violation.

*"appropriate reduction"*

*21.39*

*issue*

*rule of coverage*

*sets rule of coverage*  
*sets note for rule*

HB0036B

*Intent of Bill is to result in safer drivers*

CSHB 36(L&C)

BILL NO: CSHB 36(L & C)

DATE: February 27, 1987

TITLE: An Act requiring certain  
motor vehicle insurance  
policies to provide reduced  
rates for certain persons

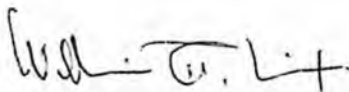
CONTACT: Bill Brown  
465-4335

DEPARTMENT OF  
PUBLIC SAFETY

The bill requires an insurance company to reduce motor vehicle casualty insurance premiums if an applicant is 55 years of age or older, has recently taken an accident prevention course approved by the Department of Public Safety, and asks for the reduction.

The department currently approves driver improvement courses for a reduction of points under AS 28.15.241(b). Since these courses must meet the criteria set out in Section 2 of this bill, there will be little impact on the department as the same courses would be applicable for the premium reduction.

The department is neutral on this bill.



WILLIAM R. NIX  
Acting Commissioner

POSTMASTER / RETURN TO: DEPARTMENT OF PUBLIC SAFETY

STATE OF ALASKA 1987 LEGISLATIVE SESSION  
FISCAL NOTE

REQUEST: \_\_\_\_\_

Bill Version: CSHB 36 (L&C)  
Publish Date: \_\_\_\_\_

Revision Date: \_\_\_\_\_  
Title: An Act requiring certain motor vehicle insurance policies to provide...

Agency Affected: Public Safety  
BRU: Motor Vehicles

Sponsor: Grussendorf  
Requestor: House Judiciary

Components: \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

No fiscal impact on this department.

Prepared by: Bill Brown  
Division: Motor Vehicles

Phone: 465-4335  
Date: 2-24-87

Approved by Commissioner: [Signature]  
Agency: Public Safety

Date: 2/27/87

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Secretary

JML  
2/27/87

AMENDMENTS PROPOSED TO HB 36

- 1) Section 1. Page 1, line 15: Delete (1) - (IS 55 YEARS OF AGE OR OLDER;).
  
- 2) Section 1. Page 2, line 5: Add a new section (i) to read:  
An insurer must inform the principal operator of the insured motor vehicle that the reduced rate is available and the qualifications to receive the reduced rate.

REASONS FOR AMENDMENTS:

1) If our desired result in HB 36 is to improve traffic safety through driver education, we should not limit the incentive for that result to older persons. Of the 16 states that have enacted similar legislation, three do not limit the age qualification. Texas, which does not limit the age, has had the reduction in effect for 10 years and offers the best history on the success of the program. Texas has found no adverse results of the program and insurance companies describe the discount as "fully earned." The discount can actually save money for the insurance companies because fewer claims may be filed. (See backup titled "Concerns and Responses Regarding Older Driver Discount Legislation" bottom page 2 and top page 3.)

2) Why establish this program if no one knows about it? As the present bill reads, it is the insured's responsibility to obtain the discount. The bill will be more effective, and we will have more well-educated drivers if insurers must inform their clients of the availability of the rate reduction. It is then the insured's choice whether to take advantage of the program.

MAD 07 1007

HUGHES THORSNESS GANTZ  
POWELL & BRUNDIN

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MARCUS R. CLAPP\*  
KENNETH R. JACOBUS  
GARY W. GANTZ  
JERRY E. MELCHER  
JOE M. HUDDLESTON  
SIGURD E. MURPHY  
RICHARD D. THALER  
CARL J. D. BAUMAN  
FRED B. ARVIDSON  
DENNIS M. BUMP\*  
MARY K. HUGHES  
FRANK A. PFIFFNER  
RALPH R. BEISTLINE\*  
GORDON J. TANS  
R. CRAIG HESSER  
ROBERT L. MANLEY  
JAMES M. GORSKI  
TIMOTHY R. BYRNES  
JAMES M. SEEDORF  
RONALD E. NOEL\*  
FREDERICK J. ODSEN  
MICHAEL L. LESSMEIER\*\*  
STEVEN S. TERVOOREN  
MATTHEW K. PETERSON

JOSEPH R. D. LOESCHER  
KENNETH D. LOUGEE\*  
EARL M. SUTHERLAND  
JOHN B. THORSNESS  
GREGORY W. LESSMEIER\*  
JOHN V. ACOSTA\*  
DONNA P. WALKER\*\*\*  
WILLIAM M. WALKER\*\*\*  
DANIEL M. WOLD  
DAVID S. CARTER  
MARILYN MAY  
LAWRENCE V. ALBERT  
JOHN G. FRANK\*\*  
ANN S. BROWN\*  
BRIAN D. BJORKQUIST  
JAMES N. BARKELEY  
THOMAS R. LUCAS  
TIMOTHY R. REDFORD  
SHELDON E. WINTERS\*\*  
DOUGLAS R. SMITH  
JOHN J. NOVAK  
JOHN H. TINDALL  
DAVID H. KNAPP  
MICKALE C. CARTER  
JOSEPH S. SLUSSER\*  
JAMES F. KLASEN

\* FAIRBANKS OFFICE  
\*\* JUNEAU OFFICE  
\*\*\* VALDEZ OFFICE

March 4, 1987

Representative John Sund  
Alaska State Legislature  
Pouch V (MS 3100)  
Juneau, Alaska 99811

Re: House Bill 36

Dear Representative Sund:

As requested by Representative Fran Ulmer of the House Judiciary Committee, I am enclosing a copy of my testimony before that committee at the March 3, 1987 hearing on behalf of Allstate and State Farm Insurance Companies in opposition to House Bill 36.

Please feel free to contact me if there is additional information I may be able to provide to the Committee.

Sincerely,

HUGHES THORSNESS GANTZ  
POWELL & BRUNDIN

By: 

Donna P. Walker

Enclosure  
DPW/mh  
1559A

cc: Members of the House Judiciary Committee

TESTIMONY BEFORE THE HOUSE JUDICIARY COMMITTEE  
ON HOUSE BILL 36

Chairman Sund, Members of the House Judiciary Committee:

I am Donna Walker, a local attorney and I'm speaking to you today on behalf of my clients State Farm and Allstate Insurance Companies.

At the outset, I should explain that we did not testify when this bill was before the House Labor and Commerce Committee. At that time, our clients had only recently received a copy of House Bill 36 and our preliminary indications were that they had no strong sentiments regarding the bill. However, since its passage by that committee, State Farm and Allstate have had an opportunity to take a closer look and to fully assess the ramifications of House Bill 36 and as a result are opposed to its passage, particularly as currently drafted.

While driver improvement programs for the elderly, should be encouraged, legislatively mandated insurance rate discounts should not. Not only does a mandated rate run the risk of being in contravention of our rate laws which require that rates not be excessive, inadequate, nor unfairly discriminatory, it also ignores the realities of the competitive market. Our clients believe that in a competitive

market, the price of automobile insurance will reflect costs more quickly and more accurately than in a non-competitive or controlled market. If accident prevention courses for the elderly have a significant impact on insurance company costs, and if an insurer has not already accounted for that effect through some combination of rating variables, the insurer will tend to lose market share to other insurance companies who do account for it. Where a competitive market exists, mandatory discounts may actually create inequities.

Passage of House Bill 36 could adversely impact the elderly drivers it now seeks to assist. For example, effective May 1, 1987 State Farm will offer in Alaska a 10% discount to drivers between the ages of 50 and 65 with good driving records and no youthful drivers. This 10% discount is based on current actuarial data. Allstate already provides a similar discount. If this bill passes, it is possible that these programs with higher discounts to seniors would be abandoned in order to comply with the statutory minimal discount of 5%. This would be detrimental to the elderly drivers who could have had a 10% discount without the legislation.

Other inequities can result from mandated credits. Consider the situation where the elderly driver has a 19

year-old son with a horrendous driving record who is listed on the elderly person's policy as an occasional driver. The actuarial data and statistics simply would not justify a credit in this instance and the result would be that other policy holders would subsidize this risk. As the bill is currently written, a subsidy would likewise be created if the minimal 5% credit could not be actuarially supported. This is particularly ironic in light of the fact that this class of persons is considered by the industry to be one of the classes if not the class most able to afford this coverage.

If it is inevitable that this bill pass, in order to prevent these inequities and the risks of creating a subsidy, no specific rate of percentage should be specified. Rather, as the Division of Insurance has recommended and we concur, section 1 in subsection f should be amended to require that the insurer provide an "appropriate" or alternatively, an "actuarially justified" discount. The overwhelming majority of states which have enacted laws of this nature have used language similar to this rather than establishing a fixed or minimal percentage. Further, in order to minimize the risk of subsidy, the discount should be limited to apply only to bodily injury and property damage liability, medical payments and collision coverages as these are the coverages that correlate to the insured's driving ability. In section f(3),

we would request that an amendment be made requiring that the course be taken within two years rather than three years prior to seeking the reduction. Finally, in order to have sufficient lead time and properly implement this legislation should it pass, we would request that the effective date of the law be at least 120 days after its enactment.

Thank you for the opportunity to address you this afternoon. I will attempt to answer any questions any of you may have.

DPW/pl  
0147B

**JOHN SUND, REPRESENTATIVE**

*2504 2nd Avenue  
Ketchikan, Alaska 99901  
(907) 225-5552*

---

*While in Juneau  
P. O. Box V  
Juneau, Alaska 99811  
(907) 465-4919*

PROPOSED AMENDMENT TO HB 36

On page 1, line 12 , insert the word personal after "less than five percent in the premium charged for a . . ."

Reason: The bill does not now clearly define that this would apply only to personal auto insurance, and not commercial insurance.

# HOUSE COMMITTEE REPORT

(7)

Date referred: 1/19/87

FURTHER REFERRALS: Judiciary

DATE: 2/19/87

The Labor & Commerce Committee has considered HB 36

"An Act requiring certain motor vehicle insurance policies to provide reduced rates for certain persons."

**RECOMMENDS:**

- replace with CSHB36 (L+C)  the same title
- attached amendment(s)  a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the \_\_\_\_\_ Committee

**ADOPTS:**  \_\_\_\_\_ letter of intent

**ATTACHES NEW FISCAL NOTE(S):**

- fiscal impact  same as previous fiscal note published \_\_\_\_\_
- zero fiscal note  same as previous zero fiscal note published \_\_\_\_\_
- zero with analysis

**SIGNING DO PASS:**

Dave Douley

[Signature]

[Signature]

Cliff Dawidson

[Signature]

[Signature]

\_\_\_\_\_

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\_\_\_\_\_

**SIGNING OTHER RECOMMENDATIONS:**

W. Furnace

\_\_\_\_\_

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\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Dave Douley  
Chairman's signature

Introduced: 1/19/87  
 Referred: Labor & Commerce  
 and Judiciary

1 IN THE HOUSE

BY GRUSSENDORF

2

HOUSE BILL NO. 36

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act requiring certain motor vehicle insurance  
 7 policies to provide reduced rates for certain per-  
 8 sons."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 \* Section 1. AS 21.89.020 is amended by adding new subsections to read:

11 (f) An insurer shall provide a 10 percent reduction in the  
 12 premium charged for a motor vehicle casualty insurance policy when the  
 13 principal operator of the motor vehicle covered by the insurance  
 14 policy

15 (1) is 55 years of age or older;

16 (2) requests the insurer to provide the reduction; and

17 (3) provides the insurer with proof satisfactory to the  
 18 director that the operator has within the three years before request-  
 19 ing the reduction taken and successfully completed a motor vehicle  
 20 accident prevention course approved by the Department of Public Safety  
 21 under AS 28.05.035, unless a court sentenced the operator to take the  
 22 course because the operator was convicted of a moving traffic viola-  
 23 tion.

24 (g) An insurer may cancel a rate reduction provided under (f) of  
 25 this section if during the policy period the principal operator of the  
 26 insured motor vehicle is

27 (1) involved in an accident caused by the operator; or

28 (2) convicted of a moving traffic violation.

29 (h) The reduced rate provided for an operator under (f) of this

**STATE OF ALASKA 1987 LEGISLATIVE SESSION  
FISCAL NOTE**

Bill Version : HB 36  
Publish Date : \_\_\_\_\_

REQUEST: \_\_\_\_\_

Revision Date: \_\_\_\_\_ Agency Affected: Commerce & Econ. Dev.  
Title: An Act requiring certain motor vehicle Insurance  
policies to provide reduced rates for certain persons.  
Sponsor: Grussendorf Components: Public Protection  
Requestor: \_\_\_\_\_

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-


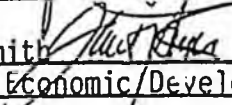
**FUNDING: (Thousands of Dollars)**

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

**POSITIONS:**

FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME						
TEMPORARY						

**ANALYSIS :** (Attach a separate page if necessary)

Prepared by: John L. George, Director  Phone: 465-2515  
Division: Division of Insurance Date: February 2, 1987  
Approved by Commissioner: J. Anthony Smith  Date: February, 1987  
Agency: Commerce and Economic/Development

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Secretary

0455K2287a



STATE OF ALASKA 1987 LEGISLATIVE SESSION  
FISCAL NOTE

REQUEST: \_\_\_\_\_

Bill Version : HB 36  
Publish Date : \_\_\_\_\_

Revision Date: \_\_\_\_\_  
Title: An Act requiring certain motor vehicle insurance policies to provide...  
Sponsor: Grussendorf  
Requestor: House Labor & Commerce Comm.

Agency Affected: Public Safety  
BRU: Motor Vehicles  
Components : \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

No fiscal impact on this department.

Prepared by : Bill Brown Phone : 465-4335  
Division : Motor Vehicles Date : 1-23-87  
Approved by Commissioner : [Signature] Date : 1/23/87  
Agency : Public Safety

- Distribution (by preparer) :
- Legislative Finance
  - Legislative Sponsor
  - Requestor
  - Office of Management and Budget
  - Impacted Agency(ies)
  - Senate Secretary

JNR  
1/23/87