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SENATE COMMITTEE REPORT

FURTHER

3/15/89

DATE TURNED INTO OFFICE 5/2/89

Mr. President:

Finance Committee considered CSHB 105 (JUD) am

mandatory use of safety devices in motor vehicles; and motor vehicle
bodily injury liability insurance rates

and recommended

- replace with SCS CSHB 105 (Fin)) same title
- or adopt _____ CS _____) new title
- attached amendment(s) and _____) technical title change (HB only)
- _____ letter of intent adopted

do pass

do not pass


no recommendation

individual recommendations



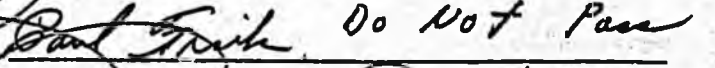
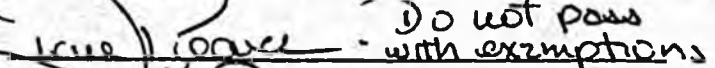

further referral to _____

FISCAL NOTE(S) zero fiscal impact appropriation no FN
 new updated previous ^{RPS} ~~based~~
 same as previous fiscal note(s) published _____

MEMBERS SIGNING DO PASS



OTHER RECOMMENDATIONS

 Do Not Pass
 No Rec
 Do Not Pass
 Do not pass with exemptions
 DO NOT PASS

 3/ Sen. Uehling - No Rec.

Chairman signature and recommendation

Committee Backup attached

 No Rec

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: DCED
 Title: An Act Relating to Mandatory Safety BRU: Insurance
Devices in Vehicles; Motor Vehicle Liab. Ins. Rates
 Sponsor: Cotten Components: Operations
 Requestor: Senate Transportation

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
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
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REVENUE	0	0	0	0	0	0
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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)

No fiscal impact on the division.

Prepared by: Bob Sims Phone: 465-2517
 Division: Insurance Date: 3-15-89

Approved by Commissioner: Larry Mercurieff Date: 3-15-89
 Agency: Dept. of Commerce & Economic Dev.

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

Changes in SCS CSHB 105 (Fin) have no fiscal impact. This fiscal note is appropriate. 5/2/89 *SM*

Adopted

STATE OF ALASKA
1989 LEGISLATIVE SESSION

BILL VERSION: SCS CSHB 105 (Fin) (b)
PUBLISH DATE: 3/16/89

FISCAL NOTE

REQUEST:

Revision Date: 3/15/89
Title: Mandatory use of safety devices
in motor vehicles
Sponsor: Representative Cotten
Requestor: Senate Transportation

Agency Affected: Public Safety
BRU: Highway Safety Planning Agency
Component: _____

EXPENDITURES/REVENUES: (Thousands of Dollars) (Inflation not included)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
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-
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REVENUE	-0-	-0-	-0-	-0-	-0-	-0-
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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	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

No fiscal impact is anticipated. Section 4 of the bill allows the judge to waive the \$15.00 fine if a donation is made to the Emergency Medical Services entity serving the locale where the violation occurred. Revenue generated for the State is therefore expected to be negligible.

Changes in SCS CSHB 105 (Fin) have no fiscal impact. This fiscal note is appropriate. 5/2/89 *ll*

Prepared by: Ellen Moore, Program Coordinator
Division: Highway Safety Planning Agency

Phone: 465-4375
Date: 3/15/89

Approved by Commissioner: A. H. English
Agency: Department of Public Safety

Date: 3/15/89

Adopted

6-0602D
Ford
5/2/89

Original sponsors: Cotten, Ulmer,
Zawacki, et al.

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 105 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to mandatory use of safety devices
7 in motor vehicles; and motor vehicle bodily injury
8 liability insurance rates."

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

10 * Section 1. AS 21.39 is amended by adding a new section to read:

11 Sec. 21.39.035. AUTOMOBILE PREMIUM RATE REDUCTION. Notwith-
12 standing AS 21.39.030, beginning one year after the effective date of
13 this Act, an insurer providing motor vehicle liability insurance in
14 the state shall reduce the premium rate charged within the state for
15 motor vehicle bodily injury liability insurance by at least five
16 percent to reflect the required use of safety belts and child safety
17 devices under AS 28.05.095. The director may make adjustments to the
18 premium rate reduction required under this section, if requested by an
19 insurer and the insurer justifies the adjustments based on the use of
20 safety belts or child safety devices under AS 28.05.095.

21 * Sec. 2. AS 28.05.095 is repealed and reenacted to read:

22 Sec. 28.05.095. USE OF SAFETY DEVICES REQUIRED. (a) Except as
23 provided in (c) of this section a person

24 (1) 16 years of age or older may not occupy a motor vehicle
25 while being driven unless restrained by a safety belt; and

26 (2) may not operate a motor vehicle unless restrained by a
27 safety belt.

28 (b) Except as provided in (c) of this section, a driver may not
29 transport a child under the age of 16 in a motor vehicle unless the

1 driver has properly secured each child as described in this subsec-
2 tion. If the child is less than four years of age, the child shall be
3 properly secured in a child safety device meeting the standards of the
4 United States Department of Transportation for a child safety device
5 for infants. If the child is four but not yet 16 years of age, the
6 child shall be properly secured in a child safety device approved for
7 a child of that age and size by the United States Department of Trans-
8 portation or in a safety belt, whichever is appropriate for the par-
9 ticular child.

10 (c) Subsections (a) and (b) do not apply to

11 (1) passengers in a school bus, unless the school bus is
12 required to be equipped with seat belts by the United States Depart-
13 ment of Transportation;

14 (2) passengers in an emergency vehicle;

15 (3) a vehicle operator acting in the course of employment
16 delivering mail or newspapers from inside the vehicle to roadside mail
17 or newspaper boxes;

18 (4) a person or class of persons exempted by regulation
19 under AS 28.05.096;

20 (5) a person required to be restrained by safety belts
21 under (a) or (b) of this section if the motor vehicle is not equipped
22 with safety belts; or

23 (6) a person driving a vehicle on a highway or vehicular
24 way not connected by land highway to

25 (A) the land-connected state highway system estab-
26 lished under AS 19.10.020, or

27 (B) a highway or vehicular way with an average daily
28 traffic volume greater than 499.

29 (d) A person may not remove a safety belt from a vehicle solely

1 to be exempted under (c)(5) of this section.

2 (e) Notwithstanding any other provision of law, a peace officer
3 may not stop or detain a motor vehicle to determine compliance with
4 (a) of this section, or issue a citation for a violation of (a) of
5 this section, unless the peace officer has probable cause to stop or
6 detain the motor vehicle other than for a violation of (a) of this
7 section.

8 * Sec. 3. AS 28.05.096(a) is amended to read:

9 (a) The commissioner of public safety may adopt regulations to
10 exempt a person [CHILD] or a class of persons [CHILDREN] from the
11 requirements of AS 28.05.095 if the commissioner determines that the
12 use of a safety belt or child safety device is impractical because of
13 physical or medical conditions of the person or class of persons
14 [CHILD].

15 * Sec. 4. AS 28.05.099 is amended to read:

16 Sec. 28.05.099. PENALTY. (a) A person convicted of a violation
17 of AS 28.05.095(a) or (d) [(c)] is guilty of an infraction and may be
18 fined up to \$15 or the court may waive the fine if the person convict-
19 ed donates \$15 to the Emergency Medical Services entity providing
20 services in the area in which the violation occurred [ASSESSED DEMERIT
21 POINTS AS DETERMINED BY REGULATIONS OF THE DEPARTMENT, NOTWITHSTANDING
22 THE PROVISIONS OF AS 28.15.231(b)].

23 (b) A person convicted of a violation of AS 28.05.095(b) is
24 guilty of an infraction and may be assessed demerit points as deter-
25 mined by regulations of the department, notwithstanding the provisions
26 of AS 28.15.231(b). A person who violates AS 28.05.095(b) [AS 28.05.-
27 095(a)] by failing to provide a child safety device or safety belt
28 [SEATBELT] may provide a peace officer, including a village safety
29 officer, proof of purchase or acquisition, and installation, of an

1 approved child safety device or safety belt [SEATBELT]. If the proof
2 is provided within 30 days after the issuance of a citation for the
3 infraction, the court shall dismiss the citation and no points shall
4 be assessed under this subsection [(a) OF THIS SECTION] unless the
5 person has

6 (1) been convicted previously for violating AS 28.05.095
7 [THAT SECTION] by failing to provide a child safety device or safety
8 belt [SEATBELT];

9 (2) been cited for failure to provide a child safety device
10 or safety belt [SEATBELT] and has forfeited the bail required by the
11 citation; or

12 (3) provided [THE] proof under [REQUIRED BY] this sub-
13 section on a prior occasion.

14 * Sec. 5. AS 28.05.151 is amended by adding a new subsection to read:

15 (b) The supreme court shall establish a scheduled amount of
16 bail, not to exceed fines prescribed by law, allowing disposition of a
17 citation for a violation of AS 28.05.095 without a court appearance.
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Amended: 2/23/89

6-0602E

Offered: 2/17/89
Referred: Rules

Am #3

Greenberg
3/21/89

Original sponsors: Cotten, Ulmer,
Zawacki, et al.

1 IN THE HOUSE BY THE JUDICIARY COMMITTEE

2 CS FOR HOUSE BILL NO. 105 (Judiciary) am

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to mandatory use of safety devices
7 in motor vehicles; and motor vehicle bodily injury
8 liability insurance rates."

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

10 * Section 1. AS 21.39 is amended by adding a new section to read:

11 Sec. 21.39.035. AUTOMOBILE PREMIUM RATE REDUCTION. [Notwith-

12 standing AS 21.39.030,] Beginning one year after the effective date of

13 this Act, an insurer providing motor vehicle liability insurance in

14 the state shall reduce the premium rate charged within the state for

15 motor vehicle bodily injury liability insurance by at least five

16 percent to reflect the required use of safety belts and child safety

17 devices under AS 28.05.095. The director may make adjustments to the

18 premium rate reduction required under this section, if requested by an

19 insurer and the insurer justifies the adjustments based on the use of

20 safety belts or child safety devices under AS 28.05.095.]

21 * Sec. 2. AS 28.05.095 is repealed and reenacted to read:

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25 while being driven unless restrained by a safety belt; and

26 (2) may not operate a motor vehicle unless restrained by a
27 safety belt.

28 (b) Except as provided in (c) of this section, a driver may not
29 transport a child under the age of 16 in a motor vehicle unless the

add
this

1 driver has properly secured each child as described in this subsec-
2 tion. If the child is less than four years of age, the child shall be
3 properly secured in a child safety device meeting the standards of the
4 United States Department of Transportation for a child safety device
5 for infants. If the child is four but not yet 16 years of age, the
6 child shall be properly secured in a child safety device approved for
7 a child of that age and size by the United States Department of Trans-
8 portation or in a safety belt, whichever is appropriate for the par-
9 ticular child.

10 (c) Subsections (a) and (b) do not apply to

11 (1) passengers in a school bus or an emergency vehicle;

12 (2) a vehicle operator acting in the course of employment
13 delivering mail or newspapers from inside the vehicle to roadside mail
14 or newspaper boxes;

15 (3) a person or class of persons exempted by regulation
16 under AS 28.05.096; or

17 (4) a person required to be restrained by safety belts
18 under (a) or (b) of this section if the motor vehicle is not equipped
19 with safety belts.

20 (d) A person may not remove a safety belt from a vehicle solely
21 to be exempted under (c)(4) of this section.

22 (e) Notwithstanding any other provision of law, a peace officer
23 may not stop or detain a motor vehicle to determine compliance with
24 (a) of this section, or issue a citation for a violation of (a) of
25 this section, unless the peace officer has probable cause to stop or
26 detain the motor vehicle other than for a violation of (a) of this
27 section.

28 * Sec. 3. AS 28.05.096(a) is amended to read:

29 (a) The commissioner of public safety may adopt regulations to

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3 use of a safety belt or child safety device is impractical because of
4 physical or medical conditions of the person or class of persons
5 [CHILD].

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7 . . . Sec. 28.05.099. PENALTY. (a) A person convicted of a violation
8 of AS 28.05.095(a) or (d) [(c)] is guilty of an infraction and may be
9 fined up to \$15 or the court may waive the fine if the person convict-
10 ed donates \$15 to the Emergency Medical Services entity providing
11 services in the area in which the violation occurred [ASSESSED DEMERIT
12 POINTS AS DETERMINED BY REGULATIONS OF THE DEPARTMENT, NOTWITHSTANDING
13 THE PROVISIONS OF AS 28.15.231(b)].

14 (b) A person convicted of a violation of AS 28.05.095(b) is
15 guilty of an infraction and may be assessed demerit points as deter-
16 mined by regulations of the department, notwithstanding the provisions
17 of AS 28.15.231(b). A person who violates AS 28.05.095(b) [AS 28.05.-
18 095(a)] by failing to provide a child safety device or safety belt
19 [SEATBELT] may provide a peace officer, including a village safety
20 officer, proof of purchase or acquisition, and installation, of an
21 approved child safety device or safety belt [SEATBELT]. If the proof
22 is provided within 30 days after the issuance of a citation for the
23 infraction, the court shall dismiss the citation and no points shall
24 be assessed under this subsection [(a) OF THIS SECTION] unless the
25 person has

26 (1) been convicted previously for violating AS 28.05.095
27 [THAT SECTION] by failing to provide a child safety device or safety
28 belt [SEATBELT];

29 (2) been cited for failure to provide a child safety device

1 or safety belt [SEATBELT] and has forfeited the bail required by the
2 citation; or

3 (3) provided [THE] proof under [REQUIRED BY] this sub-
4 section on a prior occasion.

5 * Sec. 5. AS 28.05.151 is amended by adding a new subsection to read:

6 (b) The supreme court shall establish a scheduled amount of
7 bail, not to exceed fines prescribed by law, allowing disposition of a
8 citation for a violation of AS 28.05.095 without a court appearance.
9

3/21/89

Am. #1

By: [REDACTED]

Amendment to HB 105:

add under section 2, subsection (c)

(3) a motor vehicle exempt under AS 28.10.011 (11).

<p>Section 151. Vehicles transported under special permits 165. Souvenir winter olympics plate</p>	<p>Section 181. Registration of unique and special vehicles and vehicles used for special purposes</p>
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Sec. 28.10.011. Vehicles subject to registration. Every vehicle driven, moved, or parked upon a highway or other public parking place in the state shall be registered under this chapter except when the vehicle is

- (1) driven or moved on a highway only for the purpose of crossing the highway from one private property to another, including an implement of husbandry as defined by regulation;
- (2) driven or moved on a highway under a dealer's plate or temporary permit as provided for in AS 28.10.031 and 28.10.181(j);
- (3) special mobile equipment as defined by regulation;
- (4) owned by the United States;
- (5) moved by human or animal power;
- (6) exempt under 50 U.S.C. App. 501-591 (Soldiers' and Sailors' Civil Relief Act);
- (7) driven or parked only on private property;
- (8) the vehicle of a nonresident as provided under AS 28.10.121;
- (9) a commercial interstate vehicle under AS 28.10.141;
- (10) transported under a special permit under AS 28.10.151;
- (11) being driven or moved on a highway, vehicular way, or a public parking place in the state that is not connected by a land highway or vehicular way to
 - (A) the land-connected state highway system, or
 - (B) a highway or vehicular way with an average daily traffic volume greater than 499;
- (12) a mobile home as defined by regulation;
- (13) an implement of husbandry operated in accordance with the provisions of AS 19.10.065. (§ 7 ch 178 SLA 1978; am § 1 ch 54 SLA 1979; am § 1 ch 99 SLA 1983; am § 3 ch 60 SLA 1986; am § 3 ch 26 SLA 1987)

Effect of amendments. — The 1987 amendment added paragraph (13).

Sec. 28.10.021. Application for registration. (a) The owner of a vehicle subject to registration shall apply for registration under this chapter by properly completing the form prescribed by the commissioner under AS 28.05.041. Before the issuance of a certificate of registration by the department, the owner shall pay all registration fees and taxes required under this chapter and federal heavy vehicle use taxes required under 26 U.S.C. 4481 (Internal Revenue Code of 1954) and shall comply with any other applicable statutes and regulations.

(b) At the time of registration, the department shall explain the requirements for automobile insurance and how to comply with them.

(c) An employer who requires registration of a vehicle received by mail shall pay the fee known to all employees. AS 13.50 (Uniformed Services of America) offices in which other written instructions by mail, and, if revised, AS 1978; am §§ 4, 5, ch 58 SLA 1987.

Effect of amendments. — The 1985 amendment deleted the words "for freight carrier fees required under this chapter" in subsection (a).

The second 1985 amendment changed the sentence of subsection (a).

Sec. 28.10.041. Department may

- (1) the application fee;
 - (2) the application fee;
 - (3) the application fee or registration fee;
 - (4) the vehicle or moved on a highway or parked on a highway in this state;
 - (5) the department if the vehicle was stolen or the registration would be void if the vehicle had a valid registration;
 - (6) the registration fee for any reason under this chapter;
 - (7) the requirements for registration;
 - (8) the vehicle or moved on a highway or parked on a highway in this state;
 - (9) the vehicle or moved on a highway or parked on a highway in this state.
- AS 28.32.010;

5/2/89

June 10, 1986

As required by AS 28.22.200(b), following is a list of areas that are exempt from the mandatory insurance law. As of 9/01/86 these areas are also exempt from vehicle registration per AS 28.10.011(11) amended in 1986 legislature. Also exempt from child safety device law (AS 28.05.095)

Adak	Chignik Lake	Kaktovik	Napaiskak	St. George
Afognak	Chisana	Kalskag	Napakiak	St. Mary's
Akhiok	Christian	Kaltag	Nelson Lagoon	St. Michael
Akiachak	Chuathbaluk	Kanatak	New Stuyahok	St. Paul
Akiak	Clark's Point	Karluk	Newhalen	Sanak
Akolmiut	Cold Bay	Kasaan	Newtok	Sand Point
Akulurak	Crooked Creek	Kashegelok	Nightmute	Savoonga
Akutan		Kasigluk	Nikolai	Scammon Bay
Alakanuk	Deering	Katalla	Nikolski	Selawik
Alatna	Diomede	Kiana	Noatak	Shageluk
Allakaket		King Cove	Nolan	Shaktoolik
Amakdedori	Edna Bay	King Island	Nondalton	Sheldon Point
Ambler	Eek	Kipnuk	Noorvik	Shemya
Amchitka	Egavik	Kivalina	Nuiqsut	Shismaref
Angoon	Egegik	Kiwalik	Nulato	Shungnak
Aniak	Ekuk	Kobuk	Nunachuak	Shungnak Village
Annette	Ekwok	Kokhanok	Nunapitchuk	Skwentna
Anvik	Elfin Cove	Kokrines	Nushagak	Sleetmute
Arctic Village	Elim	Koliganek	Nyac	Snettisham
Atka	Emanguk	Kongiganak	Old Harbor	South Naknek
Atkasuk	Emmonak	Kotlik	Ophir	Squaw Harbor
Attu	English Bay	Kotzebue	Oscarville	Stebbins
	Excursion Inlet	Koyuk	Ouzinkie	Stevens Village
		Koyukuk	Owl Village	Stony River
Baranof		Kvichak		Stuyahok
Barrow	False Pass	Kwethluk	Pavlof Harbor	Takotna
Beaver	Flat	Kwigillingok	Pedro Bay	Taku Harbor
Bell Is. Hot Spgs.	Fort Yukon	Kwiguk	Pelican	Tanana
Belkofski	Fortuna Ledge	Kwinhagak	Pennock Island	Tanana
Belmezok			Perryville	Tatitlek
Bettles	Galena		Pikmiktalik	Tenakee Springs
Bettles Field	Gambell	Lake Minchumina	Pile Bay	Tetlin
Biorka	Golovin	Larsen Bay	Pilot Point	Tin City
Birch Creek	Goodnews Bay	Latouche	Pilot Station	Todd
Brevig Mission	Grayling	Levelock	Pitka's Point	Togiak
Buckland	Gustavus	Lime Village	Platinum	Tokeen
		Little Diomede	Pt. Baker	Toksook Bay
Candle	Hawk Inlet	Long	Pt. Hope	Tuluksak
Canyon	Haycock	Lower Kalskag	Pt. Lay	Tuntutuliak
Cape Pole	Holy Cross		Poorman	Tununak
Cape Yakataga	Hooper Bay	Manokatak	Port Alexander	Twin Hills
Chalkyitsik	Hughes	Marshall	Port Alsworth	Tyonek
Chandalar	Huslia	Mary's Igloo	Port Ashton	
Chaniliut	Hyder	McGrath	Port Graham	Ugashik
Chakaktolik		Medfra	Port Heiden	Umiat
Chase	Iditarod	Mekoryuk	Port Lions	Unalakleet
Chatham	Iguigig	Meshik	Port Moller	Unga
Cheching	Igushil	Metlakatla	Port Wakefield	
Chenik	Iliamna	Meyoryuk		Venetie
Chefornak	Ivanoff Bay	Meyers Chuck	Quinhagak	
Chernofski		Moses Point		Wainwright
Chevak	Kachemak	Mountain Village	Rampart	Wales
Chichagof	Kaguyak	Mumtrak	Red Devil	White Mountain
Chignik	Kake		Ruby	Whittier
Chignik Lagoon	Kakhonak	Napaimiut	Russian Mission	Wiseman
				Woody Island

3/21/89
Senator Adams

Am #2

§ 28.37.180 ALASKA STATUTES SUPPLEMENT § 28.40.050

(b) The administrator of each party state shall furnish to the administrator of each other party state the information or documents reasonably necessary to facilitate the administration of the compact. (§ 18 ch 60 SLA 1986)

Sec. 28.37.180. Compact as law; withdrawal procedure. (a) The compact shall become effective as to any state in which the compact becomes effective as the law of that state.

(b) A party state may withdraw from the compact by enacting a statute repealing the compact as the law of the state, but a withdrawal may not take effect until six months after the executive head of the withdrawing state has given notice of the withdrawal to the executive heads of all other party states. Withdrawal does not affect the validity or applicability by the licensing authorities of states remaining party to the compact of any report of conviction occurring before the withdrawal. (§ 13 ch 60 SLA 1986)

Sec. 28.37.180. Construction and validity; severability. The compact shall be liberally construed so as to effectuate its purposes. The provisions of the compact are severable and if any phrase, clause, sentence, or provision of the compact is declared to be contrary to the constitution of any party state or of the United States or the applicability of it to a government, agency, person or circumstance is held invalid, the validity of the remainder of the compact and the applicability of it to any government, agency, person or circumstance shall not be affected by it. If the compact is held contrary to the constitution of any party state, the compact shall remain in full force and effect as to the remaining states and in full force and effect as to the state affected as to all severable matters. (§ 18 ch 60 SLA 1986)

Chapter 40. General Provisions.

Section	Section
50. Penalty for violations of law, regulations, and municipal ordinances	100. Definitions for title

Sec. 28.40.050. Penalty for violations of law, regulations, and municipal ordinances. (a) It is a misdemeanor for a person to violate a provision of this title unless the violation is by this title or other law declared to be a felony or an infraction.

(b) A person convicted of a misdemeanor for a violation of a provision of this title for which another penalty is not specifically provided is punishable by a fine of not more than \$500, or by imprisonment for not more than 90 days, or by both. In addition, the privilege to drive or the registration of vehicles may be suspended or revoked.

§ 28.40.100 MOTOR VEHICLES § 28.40.100

(c) Unless otherwise specified by law, a person convicted of an infraction of a regulation adopted under this title, or a municipal ordinance providing for a penalty, is not guilty of an infraction and is punishable by a fine not to exceed \$300.

(d) An infraction, as provided for in (c) of this section, is not considered a criminal offense and may not result in imprisonment, nor is a fine imposed for the commission of an infraction considered a penal or criminal punishment; nor may the commission of a single infraction result in the loss of a driver's license or privilege to drive in this state except as may result from the accumulation of points under AS 28.15.221 — 28.15.261, or the registration of vehicles; nor does a person cited with an infraction have a right to trial by jury or to court-appointed counsel.

(e) [Repealed, § 5 ch 85 SLA 1987.] (§ 50-1-8 ACLA 1949; am § 12 ch 241 SLA 1976; am §§ 22, 23 ch 144 SLA 1977; am § 5 ch 85 SLA 1987)

Effect of amendments. — The 1987 amendment repealed subsection (e), concerning overweight penalties.

NOTES TO DECISIONS

Prerequisite to suspension of license or privilege to drive. — A driver's license or privilege to drive cannot properly be suspended unless the driver was in fact licensed or otherwise actually privileged to drive a motor vehicle within the state. *Roberts v. State*, Ct. App. Op. No. 478 (File No. A-342), 700 P.2d 815 (1985).

Generic penalty provision. — Subsection (b) is not a penalty provision dealing specifically with the offense of driving while license suspended; rather it is a generic penalty provision, broadly applicable to violations of all Title 28 provisions for which the specific penalties are given. *Roberts v. State*, Ct. App. Op. No. 478 (File No. A-342), 700 P.2d 815 (1985).

Sec. 28.40.100. Definitions for title. (a) Unless otherwise specifically defined or unless the context otherwise requires, in this title and in regulations adopted under this title

- (1) "cancel" means the annulment or termination by formal action of the department of a certification, registration, license, permit or privilege issued or allowed under this title or regulations adopted under this title, because of an error or defect in the document issued or the application for issuance or because the person holding the document is no longer entitled to it;
- (2) "commissioner" means the commissioner of public safety;
- (3) "department" means the Department of Public Safety;
- (4) "driver" means a person who drives or is in actual physical control of a vehicle;
- (5) "driver's license", or "license" when used in relation to driver licensing, means a license, permit, or privilege to obtain a driver's

6-0602Jb
Ford

3/30/89

Gruenberg

Replaces Amend. #3

A M E N D M E N T

OFFERED IN THE SENATE

TO: SCS CSHB 105 (Trsp)

Page 2, after line 22:

Insert a new bill section to read:

"* Sec. 2. AS 21.39 is amended by adding a new section to read:

Sec. 21.39.035. AUTOMOBILE PREMIUM RATE REDUCTION. Beginning one year after the effective date of this Act, an insurer providing motor vehicle liability insurance in the state shall reduce the premium rate charged within the state for motor vehicle bodily injury liability insurance by at least five percent to reflect the required use of safety belts and child safety devices under AS 28.05.095. The director may make adjustments to the premium rate reduction required under this section, if requested by an insurer and the insurer justifies the adjustments under AS 21.39.030."

Renumber the following bill sections accordingly.

3/21/89
Stuzgulewski

DRAFT
LETTER OF INTENT

It is the intent of the Legislature that Senate Bill 59 exempt schoolbuses from the provisions of AS 28.05.095 until such time as the United States Department of Transportation, National Transportation Safety Board issues its report on the crash performance of small schoolbuses.

At that time, AS 28.05.095 will be reviewed to determine what, if any, changes must be made to conform Alaska law to recommendations of the National Transportation Safety Board.

Adopted by Senate Transportation
SB59

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

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

MEMORANDUM

March 16, 1989

SUBJECT: Mandatory safety devices - SCS CSHB 105(Trsp)
TO: Representative Sam Cotten
FROM: Michael Ford *M.F.*
Legislative Counsel

The following is a sectional analysis of SCS CSHB 105(Trsp):

Section 1 - Requires insurers providing motor vehicle liability insurance to reflect the required use of safety belts and child safety devices under AS 28.05.095 in their insurance rates.

Section 2 - Prohibits certain persons from occupying or operating a motor vehicle unless restrained by a safety belt. Requires a driver transporting children to secure the child in an appropriate safety device or seat belt. Provides certain exemptions from mandatory use of safety belts or child safety devices. Provides that a peace officer may not stop or detain a motor vehicle solely to determine compliance with the mandatory safety device requirements.

Section 3 - Allows the commissioner of public safety to exempt a person or class of persons from the mandatory safety belt or child safety device requirements of AS 28.05.095.

Section 4 - Establishes that the penalty for violating AS 28.05.095 is an infraction and provides specific penalties.

Section 5 - Requires the supreme court to establish a scheduled amount of bail for a violation of AS 28.05.095, allowing disposition of a citation without court appearance.

MFF:gc
WKG8/033

- SECTIONAL ANALYSIS - SCS (TRSP.)

AL

BILL NO: HB 105

DATE: January 26, 1989

TITLE: "An Act relating to mandatory use of safety devices in motor vehicles."

CONTACT: Ellen Moore
Highway Safety Planning Agency
465-4375

DEPARTMENT OF
PUBLIC SAFETY
/

The intent of this legislation is to reduce deaths and serious injuries to occupants of motor vehicles by promoting the great use of safety belts by the motoring public.

Thirty-one states have enacted bills requiring the use of safety belts. Jurisdictions that have had the longest experience with their laws have found that the greater the level of increase in seatbelt use, the greater reduction in fatalities and serious injuries.

House Bill 105 has the potential to save as many as 35 lives in Alaska each year. This figure assumes a 70% compliance rate and a 50% effectiveness rate. Because the bill allows only "secondary" enforcement, it may be difficult to achieve this level of use; however, surveys conducted since 1985 by Hellenthal and Associates indicate that approximately 80% of the Alaskans surveyed will wear safety belts simply because such a law exists.

We recommend passage of HB 105 as written.

Arthur English

Arthur English
Commissioner

Dept. Public Safety - Position Paper For Original Bill

ALASKA STATE LEGISLATURE

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Eagle River, Alaska 99577
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Juneau, Alaska 99811
(907) 465-3720

SAM COTTEN
SPEAKER OF THE HOUSE

March 16, 1989

To: Senator Rick Uehling, Co-Chairman
Senate Finance Committee

From: Representative Sam Cotten *SC*
Speaker of the House

Subject: House Bill 105

Thank you for scheduling Senate CS for CS for HB 105 (Transportation), requiring the use of safety constraint devices in most motor vehicles.

There is compelling evidence that the use of seat belts significantly reduces the number of traffic fatalities. States that have required their use have seen a corresponding decrease in traffic related deaths. If legislation is enacted into law, Alaska would be the 33rd state to require the use of seat belts.

This bill makes failure to use seat belts a secondary offense which would carry a \$15 fine. The offender could donate the fine to emergency medical services.

The legislation requires that automobile bodily injury insurance rates reflect the mandatory use of safety constraints in motor vehicles. Insurance rates were not addressed the original version of the bill. An amendment requiring a mandatory five percent reduction in motor vehicle liability insurance was added to the bill on the House floor. ~~Senate CS for CS for HB 105 softened that provision by eliminating the mandatory five percent rate reduction.~~

Please contact my office if you need any further information.

Robert B. Atwood
President and Publisher

Elaine Atwood
Assistant Publisher

William J. Tobin
Vice-President, Editor-in-Chief

Editorials

The Anchorage Times

May 3, 1988

Buckle up, and do it now

IN THESE closing days of the lawmaking session, it would be good if the ladies and gentlemen of the legislature would quit fiddling around with lives and buckle up — and make the rest of us do it, too.

None of us complain about wearing seat belts when in airplanes. We're required to do it there.

So what's the big deal about requiring us to do the same when we drive around town or on the highway?

More people are killed on the roads than in airplane crashes. And a lot of those who are weren't wearing safety belts.

For three years now the legislature has had before it bills to make it illegal for drivers and passengers to ride without safety belts fashioned. Each year the effort has died on the sword of individual rights and argu-

ments that the state shouldn't legislate against the risks a person is willing to take with his or her own life.

Baloney.

SEAT BELTS save lives when properly used. It's as simple as that.

And no big felony charge would be involved for those who don't, under this proposed legislation.

All that would be involved is a \$15 fine for offenders.

And even that can be donated to a good cause. At the option of the guilty driver, the fine would go to emergency medical service units — the ambulance drivers and crews who speed to the scene and try to keep alive those injured in accidents.

Enough talk is enough. Pass it and let's get on with adopting a simple new habit.

Tuesday, January 17, 1989

Make it mandatory

The Legislature could do a simple thing that would save lives, reduce injuries and save money. It could pass a law making the use of safety belts in vehicles mandatory.

Many people don't like the idea of mandatory safety belt laws. The use of safety belts should be a personal choice, they say. The government has no business dictating personal choices.

It's a compelling argument, but not so compelling as the harm that is done by not wearing safety belts. According to a 1987 study, mandatory use of safety belts in Alaska would save 35 lives a year, reduce injuries to more than 600 persons, save \$5 million worth of lost labor and decrease other economic losses associated with highway death and injury by \$13 million. Not just the victims, but everyone pays the cost of not wearing safety belts in terms of increased taxes, insurance premiums and health care costs.

Thirty-one states and the District of Columbia have passed mandatory safety belt laws. In every state, use of safety belts has increased substantially.

Educational programs promoting safety belt use fail to provide the incentive to buckle up that a law requiring it does. We reluctantly move from a position of advocating voluntary compliances to urging the Legislature to make safety belts mandatory. They should, however, avoid some of the problems that Washington state encountered when they initially failed to provide for exemptions for certain types of delivery vehicles.

FAIRBANKS

Daily News - Miner

JUNEAU EMPIRE

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5-4-88

Seatbelt bill should be passed

Lodged within the bowels of the Alaska Legislature is a bill that, plain and simple, would save lives. It is the seatbelt bill.

Opponents say any law requiring Alaskans to buckle their seatbelt is an infringement on their "civil liberties." They say that if they want to increase the likelihood of being injured or killed in an automobile accident by 15 to 25 percent, then that's their business.

Wrong. In fact, all of us pay the price of those individuals who cherish their "civil liberties" more than their lives. According to U.S. Secretary of Transportation Jim Burnley, seatbelt laws save more than the human suffering a serious traffic accident leaves in its wake.

"Belt laws are helping to reduce the staggering societal costs of motor vehicle crashes, currently estimated to be \$74 billion a year," he wrote in USA Today. That includes medical, municipal and state services, increased insurance expenses and other public expenditures.

The cost of not having a seatbelt law can be estimated in blood, too. If all 50 states had seatbelt laws, Secretary Burnley estimates 3,100 lives would have been saved last year alone. That is more than the population of Wrangell killed because of the lack of seatbelt laws.

What is this "threat" to our "civil liberties" that the Alaska Senate is protecting us from? The bill now bottled up in the Senate State Affairs Committee would make driving without wearing a seatbelt an secondary offense. That means you could not be stopped by a police officer solely for not wearing a seatbelt. But if you were stopped for another traffic offense and didn't have your seatbelt fastened, you would have to pay a \$15 fine or donate that amount to emergency medical services.

Pardon us, but that is hardly an infringement on anyone's civil liberties. All it would do is heighten public awareness of the need to wear seatbelts.

Thirty-two states and Washington, D.C., have seatbelt laws. Obviously, those lawmakers know that any law that saves so many lives makes good sense.

Hopefully, Alaska's lawmakers would agree - if they ever got a chance to vote on the bill.

What happens if Alaska's legislators don't pass a seatbelt law this year? More people will die, more people will be injured, and the next legislature will have to do what this one refused to.

Pass a seatbelt law.
Please.

ISSUE: Should
Alaska have a seat-
belt use law?

Anchorage Daily News 

Winner, 1976 Pulitzer Prize Gold Medal for Public Service
Gerald E. Griffin Publisher
Howard Weaver Managing Editor
Michael Carey Editorial Page Editor
Katherine Fanning, Editor and Publisher 1971 to 1983
Lawrence Fanning, Editor and Publisher 1967 to 1971
Founded in 1946 by Norman C. Brown

A way to prevent needless deaths

This year, the legislature has a chance to help fight one of the most serious health problems in the state — and it can do so with very little money or effort.

The health problem is accidental injuries: They are the second leading cause of death for all Alaskans — and the leading cause among young Alaskans. Too many of these deaths come in motor vehicle accidents — some 231 over the past three years.

There's a simple way to cut this carnage on the state's highways: Require people to wear seat belts. Of those 231 victims, 201 were not belted in.

A bill to mandate seat belt use passed the state House last year but never made it to the Senate floor for a vote. This year, with new legislative leadership, prospects for a seat belt law look much better.

In the past, some people have resisted a seat belt law because they see it as an infringement on their personal freedom. Why they object is a mystery. The resulting "intrusion" into people's lives is on a par with a parking ticket — and has considerably more justification. When a parked car overstays its welcome, there's just one less parking space available. When car passengers fail to buckle up, they invite serious injury and death, and increase the costs we all pay for emergency services, insurance and health care.

Alaska's proposed seat belt law offers us all a gentle reminder to do what's good for everyone. The violation would be a secondary offense, meaning that drivers cannot be cited unless they are stopped for some other violation. The fine would be a mere \$15. If violators don't want to send their checks to the government, they can donate the \$15 to emergency medical services.

Seat belts save lives — but only if people wear them. A mandatory seat belt law is a reasonable way to get more people to buckle up.



FORUM

Alaskans can live with proposed safety belt law

By FRANK BICKFORD

One thing alone can save 35 Alaskan lives a year, reduce the hardship and costs of over 600 injuries, save \$5 million worth of lost labor, and decrease economic losses associated with highway death and injury alone by

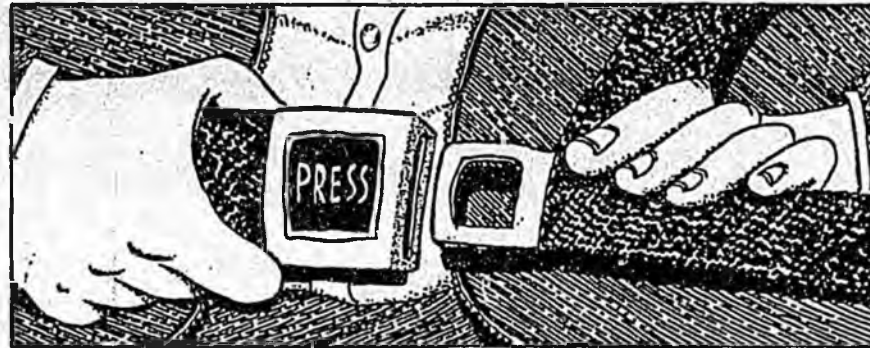


as much as \$13 million, according to estimates from The Alaska Highway Users Study. That one thing is wearing the safety belts already in our cars.

These facts are just four of the reasons Alaska needs a law requiring safety belt use. Although a major purpose of the Alaska Safety Belt Use Law would be to promote the safety of drivers and passengers using their safety belts, such a law would also promote the safety of other street and highway travelers, and promote the public welfare by reducing public expenditures.

In other words, if Alaska requires safety belts to be worn — everyone can benefit! Belt-use laws that have been passed in 31 states and D.C. motivate people to buckle up. Those states found that voluntary use is low. Legislating the use of safety belts saved significant numbers of lives and reduced costs.

Educational campaigns promoting safety belt use have been launched here and across the country. Use of safety belts increases temporarily during the campaign and then returns to a low percentage. The amount of



money spent is great and the residual impact slight.

Safety belt use laws and an aggressive educational campaign must be combined to achieve maximum use. In the absence of a law even with an educational campaign, less than 32 percent of the population will buckle up. However, a Hellenenthal statewide poll last year showed that 81 percent of Alaskans would wear safety belts if required by law.

A safety belt use law is the incentive to establish the safety habit in those who otherwise wouldn't buckle up.

If a person is killed or injured, it affects more people than the victim. Persons are not allowed a "freedom to choose" to pay the health care costs of those who "choose" not to wear their safety belts.

The cost of needless fatalities and serious injuries are paid by all persons — not simply the victim. Taxes, insurance premi-

ums and health care costs increase for us all. Unbelted occupants cause injuries to other occupants by becoming "unguided missiles." Thus, the "freedom to choose" to wear the belt does affect others directly.

The costs to society for medical care, rehabilitation, unemployment and welfare services supercede the "right" of people to seriously or fatally injure themselves or others by not buckling up. As a citizen and taxpayer, your rights are infringed upon by those who aren't responsible enough to buckle-up voluntarily; they leave you to pick up the tab for increased costs.

Other similar traffic-safety laws protect motorists and others, such as speed limits, drinking and driving and driver licensing. Safety belt use laws are consistent with these and other laws.

Ninety percent of those persons killed in motor vehicle accidents in Alaska during 1985, 1986, and 1987 were not wearing safety belts.

The proposed safety belt use law in Alaska is a secondary offense requiring a motorist be stopped for another offense before a \$15 ticket (which may be donated to emergency medical services) can be levied for not using safety belts.

Secondary enforcement will not impose additional burdens on law enforcement officers responsible for citing motorists under this act. Safety belts reduce traffic fatalities, which are eight times as expensive to investigate as non-injury accidents. In the past, officers would have more time to concentrate on other traffic enforcement programs.

In the past three years Hellenenthal Associates has conducted extensive statewide and local polls that show more than 80 percent of Alaskans supporting a safety belt use law.

In the past three years more than 100,000 Alaskans have signed letters of support for the proposed safety belt use law and over 100 businesses have passed supportive resolutions.

The Alaska State House in 1987 passed the safety belt use law with bipartisan support. The Senate in 1988 failed to pass the legislation but 1989 looks more favorable for passage. Supporters of the bill include Speaker of the House, Sam Cook, Senate President Tim Kelly, and Governor Steve Cowper.

The statistics, the public support, editorial support of many newspapers and legislative support show that the proposed safety belt use law is one that Alaskans can live with.

□ Frank Bickford is executive director of Alaska Safety Belt Use Coalition.

Buckle-up bill passes House vote

By LARRY PERZLY
The Associated Press

JUNEAU — The House Tuesday passed mandatory seatbelt legislation, despite protests from rural lawmakers who said the measure is not practical in small communities with few roads or cars.

"The rural areas of the state of Alaska are under much different conditions than urban centers with highways and high-speed traffic," said Rep. Lyman Hoffman, D-Bethel.

The legislation would require drivers and passengers of most vehicles to buckle up, if the vehicles have seatbelts installed.



Martin

Hoffman

Failure to use a seatbelt would result in a maximum \$15 fine, although the courts could waive the fine if the person makes a donation of the same amount to the emergency medical services agency in their area.

School bus and emergency vehicle passengers would be exempt from the new law, as would drivers of mail and newspaper curbside delivery vehicles.

House Bill 103 passed 23-14 and goes next to the Senate for its consideration. It is sponsored by House Speaker Sam Cotten, D-Eagle River.

Police could not stop a driver just to determine compliance with the seatbelt law, Cotten said. Tickets for failure to use seatbelts could be issued only if the driver were stopped for another violation.

"We look forward to the state Senate passing this im-

portant safety legislation and making Alaska the 32nd state to have a safety belt use law," said Frank Bickford, executive director of the Alaska Safety Belt Use Coalition.

Similar legislation passed the House last session, but died in the Senate.

"I'm against passage of this legislation," Rep. Kay Wallis, D-Fort Yukon, told her colleagues during Tuesday's two-hour debate on the bill. "We have no business to dictate through legislation what the citizens of this state do in the privacy of their cars."

Please see Page C-3, BUCKLE

BUCKLE UP: Bill passes

Continued from Page C-1

Education is the best way to promote the use of seatbelts, she said.

"Here again we have a situation where rural Alaska wants to separate itself from urban Alaska," said Rep. Terry Martin, R-Anchorage.

"Rural Alaskans in the past have voted for bills they were absolutely opposed to, as long as they were exempt," Martin said.

Most traffic accidents occur close to home, whether that home is urban or rural, said Rep. Virginia Collins, R-Anchorage, who supported the bill.

Mandatory seatbelt legislation "has the potential to save as many as 35 lives in Alaska each year," the Department of Public Safety reported in its testimony on the measure.

Opposition came from Rep. Dick Shultz, R-Tok. "I'm just concerned about people concerned about me. ... It really does bother me," he said of government interference with how people choose to run their lives.

Shultz and other House members offered a dozen amendments and amend-

"We have no business to dictate . . . what the citizens of this state do in the privacy of their cars."

— Rep. Kay Wallis

ments to amendments in an attempt to exempt rural communities from the law, but all failed.

An amendment offered by Rep. Fran Ulmer, D-Juneau, did pass. It would allow the Alaska Supreme Court to permit payment of a seatbelt fine by mail, without a court appearance. The amendment was offered to save people a trip to court to pay their fine.

Voting against the bill were Reps. Ramona Barnes, Mark Boyer, Cliff Davidson, Richard Foster, Peter Goll, Lyman Hoffman, Ros Larson, Ellen MacLean, Mike Miller, Fritz Pettyjohn, Bert Sharp, Dick Shultz, Robin Taylor and Kay Wallis.

High court rules on seat belt use 'Comparative negligence' could affect money awards in civil suits

By Rosemary Pagan
Dana White

Alaska's highest court has given motorists one more reason to buckle up: Not wearing seat belts could cost you money.

The Supreme Court ruled that failing to wear seat belts in vehicles equipped with them can be used to prove a motorist's own negligence for traffic accident injuries.

In a personal injury lawsuit, juries may adjust a monetary award according to each party's responsibility.

The court's decision was issued Friday. It stemmed from the Anchorage case of Charles Hutchins, who had sued Robert Schwartz for injuries suffered in a two-car crash.

At Hutchins' trial, Anchorage Superior Court Judge Milton M. Souter allowed jurors to hear testimony that Hutchins had not been wearing a seat belt. Later, the judge told jurors to disregard that evidence.

In deciding on a money award, the jury found that Hutchins was comparatively negligent for his injuries, which included bruises, cuts and a broken toe. Jurors awarded him \$1,537.09 in damages. Hutchins had asked for \$250,000.

He appealed by asking the Supreme Court to find, among other things, that Souter had made mistakes by initially admitting the seat belt testimony and then by denying Hutchins' request for a new trial at a verdict other than the one the jury had reached.

In an opinion by Justice Allen T. Compton, the Supreme Court upheld the jury's decision. Since the court decided comparative negligence can be shown when a motorist fails to wear seat belts, the Supreme Court also found Souter had made no error by allowing jurors to hear the seat belt testimony.

Alaska is among 24 states that have no law requiring adults to wear seat belts. Lobbyists like Frank Bickford, of the Alaska Safety Belt Use Coalition, said Friday's ruling could be aschial in making the coalition's point that buckling not only saves lives but makes economic sense.

A-2—Daily News-Miner, Fairbanks, Alaska

Sunday, September 14, 1968.



Court ties seat belt use to negligence

Metro Sunday

Anchorage Daily News Sunday, September 14, 1968

No seat belt means smaller injury claim

Court says unbelted motorist partly responsible for injuries

By Associated Press

The Alaska Supreme Court ruled Friday that a motorist involved in a traffic accident is partially responsible for his injuries if he fails to wear a seat belt.

The decision came in an Anchorage case in which Charles Hutchins sued Robert Schwartz for \$275,000 for injuries Hutchins sustained when his car and Schwartz's collided.

Hutchins suffered cuts on his head, bruising on his chest, knee and wrist, and a broken toe. In personal injury lawsuits, juries may adjust a monetary award according to each party's responsibility.

The jury decided Schwartz was 60 percent negligent in causing the accident, and Hutchins was 40 percent negligent. It awarded Hutchins \$1,537 in damages.

During the trial, Superior Court Judge Milton Souter allowed testimony that Hutchins was not wearing a seat belt. However, before the jurors began their deliberations, Souter ordered them to disregard the seat belt evidence.

Hutchins appealed the verdict, arguing that the seat belt testimony never should have been allowed.

Citing cases in Florida and Wisconsin, the Alaska Supreme Court said there is a demonstrable link between wearing seat belts and minimizing injuries.

"Automobile accidents are foreseeable," wrote Justice Allen Compton. "Therefore, if under the facts and circumstances of the case, a reasonably prudent person would have used a seat belt and if plaintiff suffered more severe injuries as a result of not wearing a seat belt, then the jury should be permitted to consider this factor in assessing damages."

The Supreme Court ruled that Souter's actions involving the seat belt evidence were appropriate.

2 JUNEAU EMPLOYEES MONDAY, SEPTEMBER 15, 1968

Alaska Supreme Court says not wearing seat belts is negligent

Prospective Study of the Effect of Safety Belts on Morbidity and Health Care Costs in Motor-Vehicle Accidents

Elizabeth Mueller Orsay, MD; Timothy L. Turnbull, MD; Mary Dunne, MD;
John A. Barrett, MD; Patricia Langenberg, PhD; Charles P. Orsay, MD

To assess the impact of safety belt use on the extent of injuries sustained in motor-vehicle accidents and the incurred health care costs, 1364 patients were prospectively evaluated at four Chicago-area hospitals. Of these, 791 (58%) were wearing a safety belt whereas 573 (42%) were not. The mean injury severity score for safety belt wearers was 1.8 ± 0.07 vs 4.51 ± 0.31 in those not wearing a safety belt. Only 6.8% of safety belt wearers required admission vs 19.2% of those not wearing a safety belt. Restrained occupants incurred mean charges of $\$534 \pm \67 compared with $\$1583 \pm \201 in unrestrained occupants. Thus, safety belt wearers had a 60.1% reduction in severity of injury, a 64.6% decrease in hospital admissions, and a 66.3% decline in hospital charges. Our findings demonstrate the significant societal burden of nonuse of safety belts in terms of morbidity and the costs of medical care.

(JAMA 1988;260:3598-3603)

MATERIALS AND METHODS

During the period of Jan 1 to July 1, 1986, data were collected on patients who presented after an MVA to the emergency department or trauma unit of four Chicago-area hospitals. Two of these hospitals (Mercy Hospital and Medical Center and Illinois Masonic Medical Center, Chicago) were urban community hospitals, one was a public inner-city hospital (Cook County Hospital, Chicago), and the fourth was a large suburban community hospital (Lutheran General Hospital, Park Ridge, Ill). These four hospitals were selected because they cover a wide geographic area within Cook County and a wide range of socioeconomic groups. In addition, the selected hospitals receive patients from a large assortment of urban crash settings, including expressways (high speeds) and city streets (lower speeds). Patients involved in MVAs that occurred in rural areas were not included.

All patients who presented with complaints referable to an MVA that had taken place within the previous 24 hours were eligible for inclusion. Pedestrians, bicyclists, motorcyclists, bus passengers, and those in trucks with more than two axles were excluded. Each weekday, the logs of each emergency department or trauma unit were reviewed in an attempt to identify any missed motor-vehicle injury cases. Cases thus identified were resubmitted to the examining physician with the medical record for completion and inclusion in the study.

Initial data were collected prospectively for all study subjects by the examining physician. The physician administered a structured questionnaire that included the following data: (1) de-

TRAUMA resulting from motor-vehicle accidents (MVAs) represents a major challenge to our health care delivery system and a significant societal burden. Motor-vehicle accidents are the leading cause of death in Americans aged 5 to 34 years and the seventh leading cause of death overall.¹ In 1982, an estimated 3.2 million people were injured in MVAs, of whom approximately 1.4 million were treated in emergency departments and 350 000 required hospitalization.² As a result of MVA-associated

injuries, 1.3 million years of potential life before age 65 years were lost in 1984.³ The overall economic loss to the United States attributable to MVAs in 1980 has been estimated to be \$57.2 billion.⁴

The Department of Transportation postulates that universal use of safety belts would reduce MVA-related fatalities

See also pp 3593 and 3651.

ties by 50% and injuries by 65%.⁵ Previous studies, based on police reports⁶ or National Highway Traffic Safety Administration records,⁷ report a reduction of serious injury of belted front-seat occupants of 43% to 52%⁶ and a decline in fatalities of 43%.⁷ To our knowledge, no prospective studies based on medical data have specifically attempted to assess the efficacy with which safety belt use may prevent injury from motor-vehicular trauma. We undertook the following prospective study to assess the effect of safety belt use on the extent of injuries sustained during MVAs as well as the economic impact of their use.

From the Departments of Clinical Emergency Medicine (Drs E. Orsay, Turnbull, and Dunne), and Surgery (Drs Barrett and C. Orsay), and the Department of Biometry, School of Public Health (Dr Langenberg), University of Illinois, Chicago; the Division of Emergency Medicine, Lutheran General Hospital, Park Ridge, Ill (Dr E. Orsay); the Department of Emergency Medicine, Mercy Hospital and Medical Center, Chicago (Dr Turnbull); the Department of Emergency Medicine, Illinois Masonic Medical Center, Chicago (Dr Dunne); and the Trauma Unit (Dr Barrett) and the Department of Surgery (Dr C. Orsay), Cook County Hospital, Chicago. Dr Dunne is now with the Department of Emergency Medicine, St Francis Hospital, Poughkeepsie, NY.

Read before the 17th Annual Meeting of the University Association for Emergency Medicine, Philadelphia, May 20, 1987.

Reprint requests to Lutheran General Hospital, 1775 Dempster St, Park Ridge, IL 60068 (Dr E. Orsay).

termination of safety belt usage, (2) position of subject in vehicle, (3) mechanism of injury (front-end, rear-end, or broadside collision), (4) posted speed limit at location of MVA, (5) mode of transport to hospital, and (6) final disposition (discharge, transfer to another facility, admission to hospital, or death in emergency department). The examining physician also noted on the questionnaire if there was evidence of alcohol use, ie, clinical intoxication, a smell of alcohol on the breath, or an alcohol level. The data were then analyzed as yes/no variables. Alcohol levels obtained for legal use were sent to state laboratories; the results were not made available for the purposes of this study and therefore are not included. For all subjective data collected, independent confirmation was sought from paramedics, police, or others whenever possible.

The medical records (emergency and inpatient, if applicable) of all subjects were subsequently reviewed by a member of the research team. Additional collected data included the time of registration, nature of injuries, and payment status. An injury severity score (ISS) was then calculated based on the *Abbreviated Injury Scale Manual* (1985 edition).⁴ A numerical score (1 to 5) is assigned to the severity of injury in each region; the squares of the three highest scores are then summated to obtain the ISS. Financial records were analyzed to determine the total hospital (excluding physician fees) and emergency department charges generated as a direct result of the MVA for each subject. The costs of consultants, admitting physicians, rehospitalizations, and rehabilitation were not included.

Study subjects were divided into two groups (restrained and unrestrained by safety belts) for the purposes of data analysis. Preliminary power calculations were made for an alpha of 0.05 and a power of 0.90 to detect a difference in ISS score of at least 0.5. The principal statistical tests used were *t* tests for comparisons of means of continuous variables and χ^2 tests for drawing inferences concerning proportions. Analyses of covariance and logistic regression analyses were performed to compare safety belt users with nonusers, controlling for possible confounding variables. The SAS statistical package on an IBM mainframe at the University of Illinois at Chicago was used to perform the analyses.

RESULTS

A total of 1364 patients were entered into the study. The mean age of the patients was 33.03 ± 0.42 years (mean

Table 1.—Characteristics of Safety Belt Wearers vs Nonwearers

Characteristic	Safety Belts		P*
	Yes (n=791)	No (n=573)	
Mean \pm SEM age, y	35 \pm 0.5	31.9 \pm 0.7	.004
Male, %	49.7	55.8	.028
Reported mechanism of injury, %			
Rear-end collision	40.8	26.2	.001
Front-end collision	24.1	37.6	
Struck broadside (passenger)	20.0	20.5	
Struck broadside (driver)	12.8	9.4	
Other	1.2	1.9	
Unknown	1.2	4.4	
Alcohol use, %	5.6	19.5	.0001
Ambulance transport, %	38.4	57.6	.0001
Posted speed limit (mph), %			
<30	40.5	39.6	NS
30-45	39.6	35.1	
>55	8.5	8.6	
Unknown	11.5	16.8	

*Percentages were compared by the Pearson χ^2 test. Means were compared by the two-tailed *t* test. NS indicates not significant.

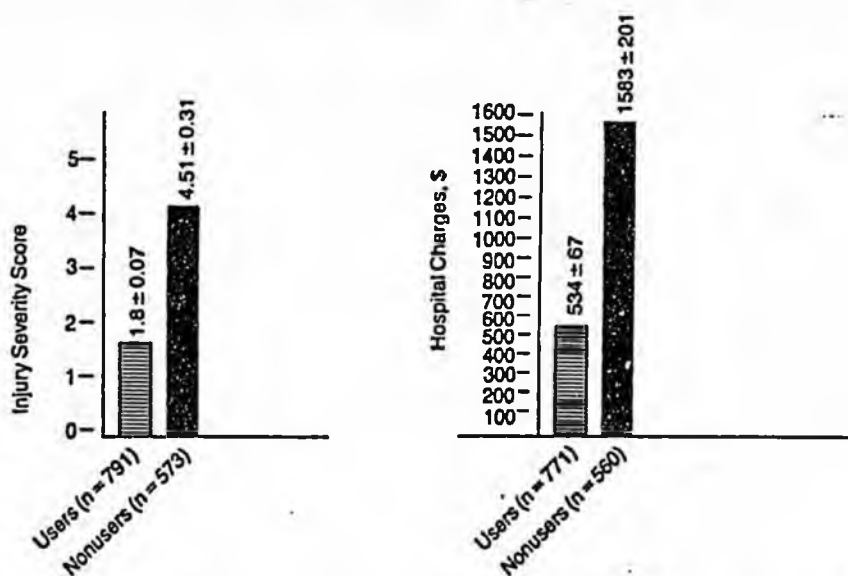


Fig 1.—Mean injury severity scores and hospital charges for safety belt users and nonusers. Patients who had worn safety belts had significantly lower injury severity scores ($P < .001$) and hospital charges ($P < .001$).

\pm SEM); 52.5% were men, 63.6% were drivers, 24.6% were front-seat passengers, and 11.3% were back-seat passengers. There was no significant difference noted in the month patients were seen (January through June), but there was a difference noted in the time they were registered; 37.1% were registered from 7 AM to 3 PM, 42.1% from 3 to 11 PM, and 20.8% from 11 PM to 7 AM ($P > .001$).

Seven hundred ninety-one patients (58%) claimed to be wearing safety belts, and 573 (42%) did not. Of those wearing safety belts, 603 (76.2%) were

wearing a shoulder harness and lap belt, 121 (15.3%) were wearing a lap belt only, and in 67 (8.5%) the safety belt type was not known. Differences were noted between the two groups with respect to age, sex, and reported mechanism of injury. Safety belt wearers were slightly older, more often female, and more likely to be involved in a rear-end collision. In addition, safety belt users were less likely to have used alcohol and less likely to require transport by ambulance. The groups were similar with respect to the posted speed limit where the accident occurred (Table 1).

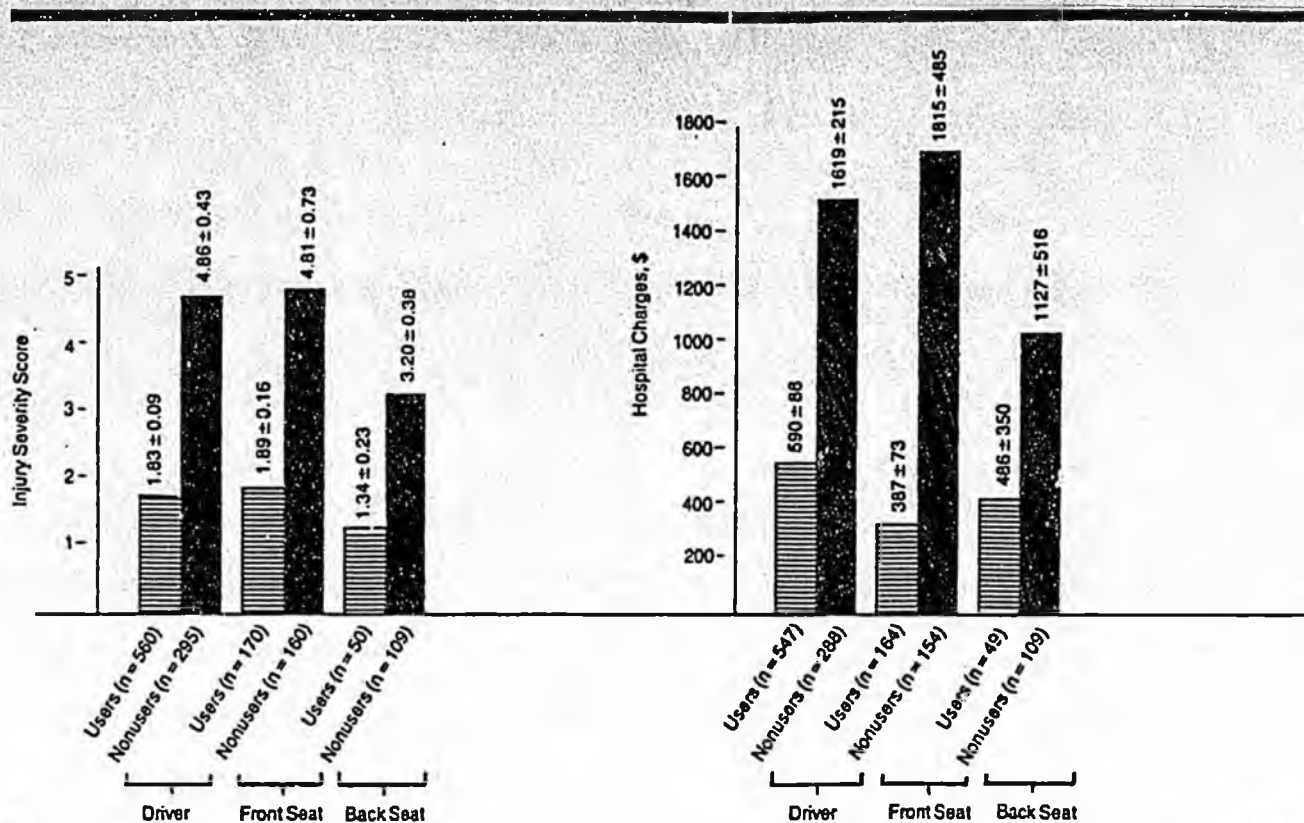


Fig 2.—Mean injury severity scores and hospital charges for safety belt users and nonusers by position in vehicle. Drivers, front-seat passengers, and back-seat passengers who had worn safety belts had significantly lower injury severity scores ($P < .001$, $P < .001$, and $P < .002$, respectively) and hospital charges ($P < .001$, $P < .004$, and $P < .031$, respectively).

Severity of Injury

The mean ISS for safety belt wearers was 1.8 ± 0.07 as opposed to 4.51 ± 0.31 for those not wearing safety belts ($P < .001$, Fig 1, left). Patients who had worn safety belts, whether they were drivers, front-seat passengers, or back-seat passengers, fared significantly better than their unrestrained counterparts (Fig 2, left).

When the reported mechanism of injury was evaluated, striking differences in ISS were noted between safety belt users and nonusers in front-end collisions (2.15 ± 0.18 vs 6.12 ± 0.64 , $P < .001$). Benefit was also provided by safety belts in broadside collisions, where restrained occupants had an average ISS of 2.01 ± 0.14 as opposed to 3.6 ± 0.34 for unrestrained occupants ($P < .001$). Smaller but significant differences in ISS were noted between the groups in rear-end collisions. Safety belt wearers had a mean ISS of 1.38 ± 0.06 vs 2.47 ± 0.14 for nonusers ($P < .001$).

Admission to the hospital may be another indication of severity of injury. A significantly greater number of unrestrained subjects required admission (including those who died in the emergency department). Only 54 (6.8%)

of the total 791 safety belt wearers required admission. However, 110 (19.2%) of the 573 patients who did not wear safety belts required admission ($P < .001$). Thus, two thirds of patients who required hospital admission were not wearing safety belts at the time of injury. Significant differences in ISS between the restrained and unrestrained groups remained in both the admitted and discharged groups (Fig 3, left). Regardless of admission status, unrestrained occupants utilized significantly more hospital days than restrained occupants (1.2 ± 0.2 days vs 0.4 ± 0.08 days, $P < .001$).

When only the most severely injured patients are considered, ie, those with an ISS of 12 or greater, again, the overwhelming majority were unrestrained. Thirty-six (81.8%) were not wearing safety belts; eight (18.2%) were ($P < .001$). There were five deaths during this study, all among patients who did not wear safety belts.

Multivariate methods, including analysis of covariance and logistic regression, were used to assess the independent effect of safety belt usage on ISS scores, controlling for other variables. Since age, alcohol use, and type of accident were observed to be associated with safety belt use and also may be

associated with the severity and cost of injury, they were assumed to be possible confounding variables. The posted speed limit was also included. Although there were sex differences in safety belt usage, there is no reason to believe that ISSs or costs should differ by sex, other factors being equal. Therefore, analyses of covariance were carried out comparing the ISSs of safety belt users and nonusers, with age in years, alcohol usage (yes or no), and type of accident (entered as dummy variables; front-end collision, rear-end collision, or other) as covariates. Results (Table 2) indicate that unrestrained patients had an ISS that was two points higher on average, even when all the confounding variables were controlled for. Alcohol users scored one point higher on average, as did patients who were involved in a front-end collision. Those in a rear-end collision had somewhat lower scores on average. Scores averaged higher with increasing age and slightly higher for a posted speed limit of 30 to 45 mph. Mean ISSs for restrained and unrestrained subjects were adjusted for differing values of the covariates in the two groups; safety belt wearers were observed to have a significantly lower adjusted mean ISS than nonwearers ($P = .0001$).

Logistic regression analysis was used

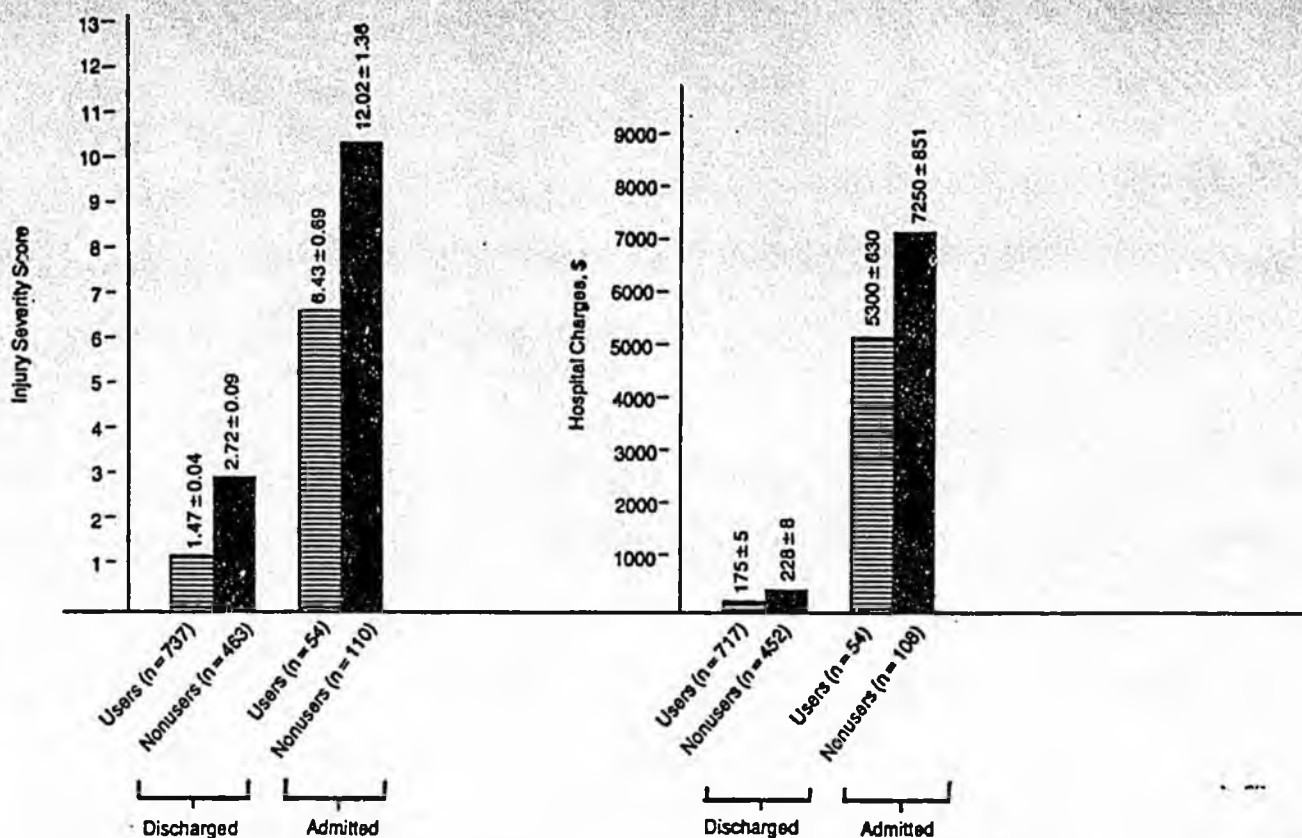


Fig 3.—Mean injury severity scores and hospital charges for safety belt users and nonusers by whether or not patients were admitted. Significantly fewer patients who had worn safety belts required admission ($P < .001$). Patients who did not require admission (includes patients transferred to other facilities) who had worn safety belts had significantly lower injury severity scores ($P < .001$) and hospital charges ($P < .001$). Patients who were admitted (includes patients who died in the emergency department) who had worn safety belts had significantly lower injury severity scores ($P < .001$) and demonstrated a trend toward lower hospital charges ($P = .076$).

to assess the association of safety belt use with severe injury, defined as an ISS of 12 or greater. Proportions of restrained and unrestrained subjects with severe injury were compared, using alcohol use and type of collision as covariates. Results (Table 3) indicate that the odds of severe injury were 4.8 times greater for nonusers of safety belts when other significant variables were controlled for. The odds ratio for front-end collisions was similarly large, while alcohol usage was not independently associated with severe injury. Since age was entered as a continuous variable, an odds ratio is not available. However, the proportion of patients with severe injury increased significantly with increasing age.

Health Care Costs

Significant differences were also found in the health care costs of safety belt users and nonusers. Unrestrained occupants incurred mean charges of $\$1583 \pm \201 , nearly three times the charges for restrained occupants ($\$534 \pm \67 , $P < .001$; Fig 1, right).

When the patient's position in the vehicle was evaluated, nonwearers consi-

Table 2.—Comparison of Safety Belt Users and Nonusers on Injury Severity Score and Cost*

Variable	Injury Severity Score†		Cost‡	
	Coefficient	P	Coefficient	P
Safety belt nonuse	1.88	.0005	596.2	.0005
Alcohol use	1.13	.0016	730.1	.007
Front-end collision	0.79	.0039	583.0	.005
Rear-end collision	-0.71	.0048	-381.7	.047
Posted speed limit, mph				
30-45	0.74	.001	470.2	.0006
≥ 55	0.51	.81	394.8	.17
Age, y	0.032	.0001	22.7	.0001

*Analysis of covariance.

†Adjusted mean \pm SD injury severity score was 2.42 ± 0.23 for safety belt users and 4.30 ± 0.22 for nonusers ($P = .0001$).

‡Adjusted mean \pm SD cost was $\$912.80 \pm \172.90 for safety belt users and $\$1508.80 \pm \170.60 for nonusers ($P = .0005$).

tently incurred higher charges than safety belt wearers (Fig 2, right). This difference reached statistical significance in drivers and front-seat passengers only. However, the number of back-seat passengers for statistical comparison was small ($N = 158$).

Patients who did not wear safety belts who required hospital admission demonstrated a trend toward higher charges (Fig 3, right; $\$7250 \pm \851 vs

$\$5300 \pm \630 , $P = .076$), though the sample size was small ($N = 162$). However, in patients who were discharged or transferred from the emergency department, a significant difference was demonstrated, with restrained occupants incurring average charges of $\$175 \pm \5 vs $\$228 \pm \8 for unrestrained occupants ($P < .001$). This represents a 23.3% reduction in charges for safety belt wearers (Fig 3, right).

Table 3.—Logistic Regression Results Comparing Safety Belt Users and Nonusers by Injury Severity Score

Variable	Injury Severity Score ≥ 12		
	Odds Ratio	95% Confidence Interval	P
Safety belt nonuse	4.94	2.03-12.02	.0004
Front-end collision	4.74	2.10-10.66	.0002
Alcohol use	1.59	0.88-3.74	.29
Posted speed limit, mph			
30-45	1.94	0.91-4.15	.09
≥ 55	1.43	0.37-5.58	.60
Age (20-year difference)	2.01	1.35-2.99	.006

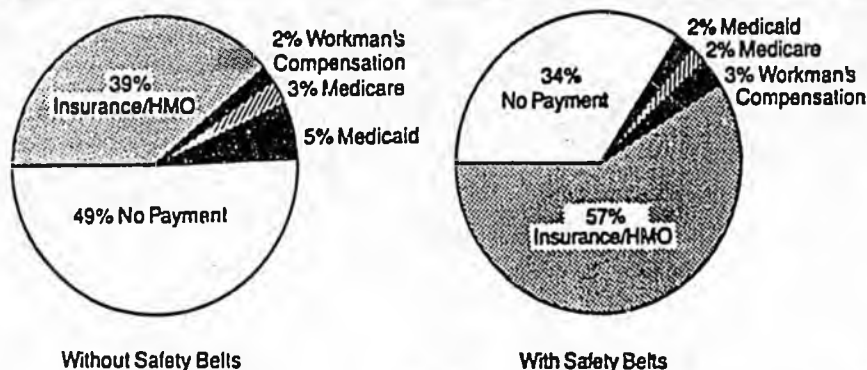


Fig 4.—Payment status for patients with and without safety belts. HMO indicates health maintenance organization.

Evaluation of payment status showed that the majority of unrestrained passengers either had no payment (49.2%) or were receiving governmental assistance (5% public aid, 3% Medicare). Of safety belt wearers, 57% had private insurance or were enrolled in a health maintenance organization, and 3% were covered by workman's compensation ($P < .001$, Fig 4).

Multivariate analyses were also conducted to assess the independent effect of safety belt use on health care costs, controlling for the covariates age, type of collision, posted speed limit, and alcohol usage (Table 2). The adjusted mean costs differed by about \$600 ($P = .0008$); alcohol users incurred charges approximately \$700 higher on average. Costs were higher in front-end collisions, lower in rear-end collisions, higher at 30 to 45 mph, and increased with the age of the patient.

COMMENT

This study suggests that safety belts provide a significant benefit in reducing injury and health care costs. We demonstrated a 60.1% reduction in severity of injury (51% after adjusting for other variables), a 64.6% decrease in hospital admissions, and a 66.3% decline in hospital charges (49% for adjusted means)

in safety belt wearers. To our knowledge, this is the first study evaluating the efficacy of safety belt use in the United States based on medical data. By utilizing the ISS system, an objective assessment can be made of the number and severity of injuries in relation to safety belt use. Previous studies⁶ and government reports⁷ used police reports in assessment of injury. In this system, the police officer assigns the accident victim an injury score of A, B, C, or K (severe, moderate, minor, or fatal injury). Obviously, data obtained by this system are of questionable reliability. In addition, this study is unique in that it also assessed the hospital charges associated with the care of the injured motorist.

Actual hospital and emergency department charges were used to estimate health care costs in this analysis. These are conservative estimates, in that direct charges generated by pre-hospital emergency services, rehospitalizations, and rehabilitation were not included. Furthermore, indirect costs resulting from time lost from work, increased insurance premiums, and lost productivity of those who die or are permanently disabled by MVAs were not measured. Inclusion of these costs may have resulted in even greater differ-

ences in cost estimates. The cost to care for patients who required hospitalization was higher for those who did not wear safety belts, though statistical significance was not reached (Fig 3, right). However, the sample size in this subgroup was small, suggesting a beta error. Larger sample sizes may demonstrate a statistically significant difference.

The four hospitals participating in the study were geographically scattered throughout Cook County to include a variety of roadways (highways and urban and suburban roads). Only rural roads were not represented. Baker et al,¹⁰ however, stated that mortality from MVAs may be highest in areas of low population density; this suggests that we omitted from our sample roads responsible for high mortality from MVAs. The months of January through June were chosen to cover a variety of road conditions in winter, spring, and summer in Chicago. In addition, the four hospitals admit patients from a wide variety of socioeconomic groups, with an assortment of vehicles and driving habits.

Throughout this study, we relied on patient reporting and/or paramedic reporting of safety belt use. The actual safety belt use rate in Illinois at the time of the study was 36%.¹ Actual safety belt use may be appreciably different than reported, as it may be impossible to obtain physical evidence of safety belt use. Paramedics were asked to verify the presence or absence of restraint use at the scene. However, the accident victims were often out of their vehicles when the ambulance arrived. In only 23 of the 618 cases with patients transported to the hospital by ambulance was there disagreement on safety belt usage between paramedics and patients. If we assume, however, that restraint use is only overreported, ie, unrestrained patients stated that they were wearing a safety belt and not vice versa, then there would be an even greater benefit in reducing injury and cost if the true incidence were known.

It should be noted that only those patients who presented to the hospital following an MVA were included. Patients who did not present to the hospital, who presented over 24 hours following injury, or who went directly to the morgue were not included. In Cook County, paramedics must transport all seriously (or fatally) injured MVA victims to a hospital unless the patient has dependent lividity, rigor mortis, or decapitation, all unlikely events in traffic accidents. It is therefore unlikely that any fatalities were not included in the study due to direct transport to a

morgue. The number of uninjured motorists who did not present to a hospital is unknown and is not available through the Department of Transportation.

Studies conducted in other countries, many of which assessed the effects of safety belt legislation, also demonstrate the benefit of safety belt use.^{11,22} Henderson and Wood¹¹ reported a 25% decrease in predicted deaths in the year following safety belt legislation in New South Wales, Australia. In an evaluation of the Swedish experience, Mellbring et al²² reported a reduction in the number of MVA victims admitted to hospitals following legislation despite a 40% increase in reported MVAs. In England, a retrospective study comparing the 12 months preceding and following the enactment of safety belt use legislation revealed a mean ISS of 4.94 before and 2.8 after the law. A 42% reduction in the number of front-seat occupants who required hospital admission and a 27% decline in the number of deaths following introduction of the law was reported.

In the United States, New York was the first state to pass a mandatory-use safety belt law. In the first nine months after the law was enforced, MVA fatalities decreased by 17%, resulting in the lowest highway fatality rate (per 100 million miles driven) in several decades.³ In Illinois, where safety belt legislation took effect in July 1985, an estimated 55 to 60 lives were saved and 8000 serious injuries were prevented in the first year following enactment.³ Nationwide, the National Highway Traffic Safety Administration reported that safety belt usage of fatally injured MVA victims was about half the usage of those whose injuries were less incapacitating.²³ Unrestrained occupants were 40% more likely to be injured in an MVA and twice as likely to require hospitalization as restrained occupants.²⁴

Compulsory safety belt use legislation appears to be the most effective agent in increasing safety belt usage. Usage rates increased from just under 40% to 95% in England,¹⁴ from 20% to 80% in Sweden,¹⁴ from 15% to 90% in Australia,¹⁴ and from 21% to 47% in New York state²⁵ after such legislation. Insurance incentives²⁶ and mass-media campaigns²⁷ have been ineffective in altering the rate of safety belt usage. Other efforts to promote safety belt usage, including safety belt pledge cards, incentive plans, and "awareness" programs have met with variable success.²⁸

Mandatory safety belt use legislation has been a controversial topic in the United States. To date, 33 states and the District of Columbia have enacted such legislation, while two additional

states had safety belt use laws and later repealed them (Massachusetts and Nebraska). Worldwide, over 30 countries have passed mandatory-use laws. The United States is virtually the only developed nation that has not passed national safety belt legislation.²⁹

The Department of Transportation estimated the cost to society of injuries sustained in MVAs at about \$15.3 billion in 1980.⁴ Our results indicate a 66.3% decreased cost attributed to safety belt use. If this reduction is applied to the estimated \$15.3 billion, universal safety belt usage would save \$10.1 billion each year. In our era of rising health care costs, the safety belt may be a very efficient mechanism for saving lives and reducing costs.

Society bears the burden of MVAs, not only in direct health costs but also in lost productivity of workers (indirect costs). There were over 11 million lost workdays for survivors of MVAs in 1985.⁴ The administrative and overhead cost of motor-vehicle and health insurance premiums totaled nearly \$13.8 billion in 1980.⁴ Furthermore, in 1980, the federal government spent an estimated \$7.5 billion and state and local governments spent an estimated \$3.4 billion for MVA-associated expenses.⁴

This study analyzed automobile safety belt use and subsequent severity of injury and health care costs. Our data suggest that, in an urban setting, safety belt utilization was associated with decreased severity of injury from motor-vehicle trauma and reduced the medical care costs of injured motorists. This analysis in combination with existing evidence supports a more aggressive national posture toward safety belt usage for the benefit of both the individual and the American people.

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Compilation Of

State Safety Belt Use Laws

FOREWORD

This booklet includes copies of state laws which require the mandatory use of safety belts. A chart is also included which briefly summarizes the main provisions of each state's law. This chart also includes the effective date of each law.

This booklet is not intended to evaluate the provisions of each state's law or make value judgments regarding the law itself. The purpose of the publication is merely to serve as a reference guide to state safety belt use laws.

Prepared by:
State Relations Department



Motor Vehicle Manufacturers Association
of the United States, Inc.

December, 1988

- COMPILATION OF STATE SAFETY BELT USE LAWS -

State Safety Belt Use Laws**



State/ Effective Date	Coverage	Waivers	Penalties	Damages/Evidence	Public Education Campaign	Other Provisions
Calif- ornia 1/1/86 As Amended 9/24/88	Driver and all passengers.	Vehicles over 6,001 lbs; passengers in back seat of a taxi; persons with medical reasons; news- paper deliveries; rural letter carriers; peace officers; and vehicles not required to be equipped with safety belts.	Maximum fine of \$22.00 for a first offense or \$55.00 for each subsequent offense. The court may order driving school in lieu of fine for first offense. Fines include court costs. Enforcement as a secondary action only.	Non-compliance shall not establish negli- gence per se, but negligence may be proven as a fact without regard to the violation.	No provision.	Inoperative if US DOT rescinds automatic restraint require- ments because of state belt law enactment. Requires, after 9/1/89, new vehicles to comply with automatic restraint provisions of FMVSS 208.
Colorado 7/1/87	Driver and front seat passengers.	Police officers; persons with medical excuses; delivery vehicles; and vehicles not required to be equipped with safety belts.	\$10.00 fine. Enforcement as a secondary action only.	Evidence regarding non-compliance shall be admissible to miti- gate damages. However, such mitigation shall be limited to awards for pain and suffering and shall not be used to limit recovery for economic loss and medical payments.	Yes.	Law is automatically repealed on 7/1/89, unless statistics show reduction in highway deaths. Allows insurance companies to reduce rates of claims if experience so warrants.
Connect- icut /1/86	Driver and front seat passengers.	Persons with medical ex- cuses; emergency vehi- cles; rural letter car- riers; persons engaged in the delivery of news- papers; and vehicles equipped with air bags.	\$15.00 fine. No points.	Non-compliance shall not be considered con- tributory negligence nor shall such failure to use belt be admis- sible evidence.	Yes.	Non-compliance shall not con- stitute probable cause to conduct a vehicle search. Requires study of effect of law on insurance premiums. Office of Highway Safety shall evaluate the effectiveness of this act and report its findings not later than 1/1/89.

State Safety Belt Use Laws**

State/ Effective Date	Coverage	Waivers	Penalties	Damages/Evidence	Public Education Campaign	Other Provisions
Florida 7/1/86	Driver and front seat passengers.	School buses; bus used to transport persons for compensation; farm tractors or implements of husbandry; trucks over 5,000 lbs; persons with medical reasons; and employees of newspaper home delivery service.	\$20.00 fine, including court costs. Enforcement as secondary action only.	Non-compliance shall not constitute negligence per se nor shall each violation be used as prima facie evidence of negligence.	Yes.	Law provides that number of front seat passengers of a pickup truck required to wear safety belt shall not exceed number of safety belts which were installed in front seat of pickup truck. Requires insurance rates to reflect savings associated with increased belt use.
Georgia 9/1/88	Driver and front seat passengers.	Persons who make frequent stops; persons with medical excuses; vehicles operated in reverse; passenger vehicles with MY prior to 1985; vehicles not required to be equipped with safety belts; rural letter carriers; emergency vehicles; vehicles mounted on a truck chassis; and off-road vehicles.	Secondary enforcement only. No points. Maximum fine of \$15.00.	Non-compliance shall be evidence of negligence or diminish recovery for damages.	No provision.	Failure to wear safety belts shall not be a basis for cancellation of coverage or increase in insurance rates.
Hawaii (T) 2/16/85 as amended 1/8/88	Driver and front seat passengers.	Persons with medical excuses; emergency, commercial and mass transit vehicles; Type 1 school buses; vehicles for hire; and vehicles not required to be equipped with safety belts.	\$20.00 fine. No points.	Law will not change existing rules pertaining to civil actions for personal injuries/deaths in motor vehicle accidents.	Yes.	Law must not be used to rescind automatic occupant restraint requirements. Provides for 10% reduction on insurance premiums.

State Safety Belt Use Laws**

State/ Effective Date	Coverage	Waivers	Penalties	Damages/Evidence	Public Education Campaign	Other Provisions
Idaho 7/1/86 As Amended 3/29/88	Driver and front seat passengers.	Vehicles over 8,000 lbs.; vehicles not required to be equipped with safety belts; persons with medical excuses; implements of husbandry; emergency vehicles; occupants of front seat of vehicle in which all safety belts are in use; and mail carriers.	\$5.00 fine. No points. Enforcement as secondary action only.	No provision.	Yes.	The state transportation department shall evaluate the effectiveness of the law and report its findings in its annual Highway Safety Plan to NHTSA and FHWA.
Illinois (IT) 7/1/85 As Amended 3/8/87	Driver and front seat passengers.	Persons frequently leaving vehicle for deliveries; persons with medical excuses; rural letter carriers; vehicles operated in reverse; vehicles not required to be equipped with belts; and vehicles manufactured prior to 1965.	Maximum fine of \$25.00. No warning period. No points. Enforcement as secondary action only.	Non-compliance shall not be considered evidence of negligence, limit liability of insurer, or diminish recovery for damages arising out of the ownership, maintenance or operation of a vehicle.	No provision.	None.
Indiana 7/1/87	Driver and front seat passengers.	Trucks, tractors and recreational vehicles; persons with medical excuses; rural letter carriers; vehicles operated in reverse; vehicles not required to be equipped with safety belts; vehicles manufactured prior to 1965; and bus passengers.	Maximum fine of \$25.00. No warning period. Enforcement only as a secondary action. No points.	Non-compliance does not limit liability of insurer and may not be admitted as evidence in civil action.	Yes.	Division of Traffic Safety shall evaluate the effectiveness of the law and report its findings in its annual report to NHTSA and FHWA.

State Safety Belt Use Laws**

Date/ Effective Date	Coverage	Waivers	Penalties	Damages/Evidence	Public Education Campaign	Other Provisions
Iowa (I) 1/1/86	Driver and front seat passengers.	Vehicles manufactured prior to 1966 model year; persons making frequent stops; bus passengers; rural letter carriers; and persons with medical certificates.	\$10.00 fine and \$11.50 court costs.	Non-compliance is not admissible as evidence in any civil action. However, evidence of failure to wear a safety belt may be admitted to mitigate damages.	Yes.	None.
Kansas 1/1/86	Driver and front seat passengers.	Vehicles with a GVW over 12,000 lbs.; persons with medical excuses; postal carriers; and newspaper delivery persons.	\$10.00 fine, including court costs. Enforcement as secondary action only.	Non-compliance shall not be admissible in any action for determining negligence or mitigation of damages.	Yes.	Law shall not be interpreted to obviate requirement of occupant crash protection as contained in 49 CFR 571.208. Provides for 10 year manufacturer's warranty on safety belts. The Secretary of Transportation shall evaluate the effectiveness of this act and report its findings in the annual Highway Safety Plan.
Louisiana 1/1/86 As Amended 1/1/88	Driver and front seat passengers.	Persons with medical excuses; rural letter carriers; and cars, vans, or pickups manufactured before 1/1/81.	\$25.00 fine, including court costs. Enforcement only as a secondary action.	Non-compliance shall not be considered evidence of comparative negligence or be admissible in any action to mitigate damages.	Yes.	None.

State Safety Belt Use Laws*

State/ Effective Date	Coverage	Waivers	Penalties	Damages/Evidence	Public Education Campaign	Other Provisions
Maryland 7/1/86 As Amended 7/1/87	Driver and front seat outboard passengers.	Vehicles not required to be equipped with safety belts; persons with medical excuses; vehicles not defined as passenger vehicle or multi-purpose vehicle; and letter carriers.	Maximum fine of \$25.00, including court costs. Enforcement as secondary action only.	Non-compliance may not be considered negligence, or limit liability, or diminish recovery for damages. This law may not be construed to limit right of person to institute a civil action for damages. Requires separate trials under certain circumstances.	Yes.	Administration shall include information on the state's experience with the law, and report its findings in the annual Highway Safety Plan to NHTSA and FHWA. Enactment of this law is intended to be compatible with support for federal safety standards requiring automatic crash protection and should not be used to rescind federal requirements for automatic restraints.
Michigan (T) 7/1/85	Driver and front seat passengers.	Vehicles manufactured before 1/1/65; buses, motorcycles, mopeds; persons with medical excuses; vehicles not required to be equipped with safety belts; rural letter carriers; commercial vehicles; and postal vehicles that make frequent stops.	\$25.00 fine, including court costs. Enforcement as a secondary action. No points.	Non-compliance may be considered as evidence of negligence and may be introduced to mitigate damages; providing damages are not reduced by more than 5 percent.	Yes.	Law will not apply after 4/1/89, if federal government requires passive restraints.
Minnesota 8/1/86 As Amended 5/1/88	Driver, front seat passengers and rear seat passengers under age 11.	School bus; bus; vehicles designed to operate on railroad tracks; vehicles operated in reverse; persons with medical excuses; persons making frequent stops at less than 25 mph; rural postal carriers; vehicles manufactured prior to 1/1/65; and persons driving pickup trucks used in farm work.	\$10.00 fine. Enforcement as a secondary action only. No points.	No provision.	No provision.	Provides that law should not be used to rescind federal 8/1/86 automatic crash protection system requirements. Proceeds from the fines will be used for emergency medical services.

State Safety Belt Use Laws**

State/ Effective Date	Coverage	Waivers	Penalties	Damages/Evidence	Public Education Campaign	Other Provisions
Indiana 1/28/85 As Amended 6/8/88	Driver and front seat passengers.	Letter carriers; persons with medical excuses; vehicles manufactured before 1/1/68; and persons making frequent stops.	\$10.00 fine. No court costs. Enforcement as a secondary action only. No points.	Non-compliance shall be considered evidence of comparative negligence, but may be introduced to mitigate damages under certain circumstances.	Yes.	The Department of Public Safety shall evaluate the effectiveness of this law and report its findings in its Highway Safety Plan to NHTSA and FHWA.
Montana 1/1/88	Driver and all passengers.	Persons with medical excuses and vehicles that make frequent stops.	\$20.00 fine beginning 1/1/88. No points. Enforcement as a secondary action only.	Non-compliance shall not be admissible in any actions for damages, nor does failure to comply constitute negligence.	Yes.	Law prohibits increasing insurance premiums due to violation of safety belt law.
Nevada 7/1/87	Driver and all passengers.	Vehicles not required to be equipped with safety belts; rural letter carriers; persons that make frequent stops; persons riding in public transportation, including bus, school bus, or emergency vehicle; persons with medical exemptions; and vehicles with unladen weight over 6,000 lbs.	Maximum fine of \$25.00, or community service work. No points. Enforcement as secondary action only.	Non-use of belts shall not constitute negligence or be considered as misuse of a product in any action brought to recover damages.	No provision.	Law will expire if US DOT rescinds the automatic restraint requirements of FMVSS 208, unless such decision is not based on enactment or operation of this law. Superintendent of public instruction shall conduct a study to determine merits and feasibility of seat belts, additional padding or other safety restraints in school buses and report findings to 65th legislature.

State Safety Belt Use Laws**

State/ Effective Date	Coverage	Waivers	Penalties	Damages/Evidence	Public Education Campaign	Other Provisions
North Carolina 10/1/85 As Amended 7/16/87	Driver and front seat passengers.	Persons with medical ex- cuses; rural letter carriers; persons mak- ing frequent stops; vehicles not required to be equipped with safety belts; and any vehicle registered and licensed while being used for agricultural or commer- c purposes.	\$25.00 fine. No court costs. No points.	Non-compliance shall not constitute negligence or contributory negli- gence in any action to recover damages.	Yes.	The law will cease to exist if a final determination by lawful authority is made that the law does not meet the minimum criteria established by the US DOT for state mandatory safety belt usage laws necessary to rescind the federal rule requiring automatic restraints. The DOT, through the Governor's Highway Safety Program, shall evaluate the effectiveness of the law and report its findings no later than 10/1/88.
Ohio(O) 5/4/86 As Amended 1/5/88	Driver and front seat passengers.	Vehicles not required to be equipped with safety belts: employees of post- al service or newspaper delivery services; per- sons with medical exemp- tions; and vehicles equipped with air bags.	\$20.00 fine to driver for failure to wear own belt, plus \$10.00 for each passenger violation to total of \$30.00; \$10.00 to each front seat passen- ger for failure to wear belt. Fines waived if violator views safety belt educational film prior to court appear- ance. Enforcement as secondary action only.	Non-compliance shall not constitute negligence, limit recovery for damages, be used as ba- sis for criminal prose- cution or be admissible as evidence in any court proceeding, unless a claim is brought for <u>all</u> the following reasons: to recover damages for injury or death; defect in car; and, defendant is manu- facturer.	Yes.	None.

State Safety Belt Use Laws**

State/ Effective Date	Coverage	Waivers	Penalties	Damages/Evidence	Public Education Campaign	Other Provisions
Oklahoma 2/1/87 As Amended 3/1/89 ¹	Driver and front seat passengers.	Persons with medical excuses; postal carriers; trucks; truck-tractors; and recreational vehicles ¹ .	\$10.00 fine and \$15.00 court costs. Enforcement as secondary action only. No points.	Non-use of belts may not be submitted into evidence in civil suit or may not be used in any civil proceeding.	Yes.	Department of Public Safety shall evaluate the effectiveness of this law and provide a report in its Highway Safety Plan to NHTSA and FHWA.
Pennsylvania 11/13/87	Driver and front seat passengers.	Vehicles manufactured before 7/1/66; persons with medical excuses; letter carriers; persons who make frequent stops; and vehicles over 7,000 lbs., and classified as Class 3-25 vehicles.	\$10.00 fine. No points. Enforcement as a secondary action only.	Non-compliance shall not be admissible as evidence in any civil action.	Yes.	Law cannot be used in any manner to rescind federal automatic crash protection system requirements. Law is inoperative if US DOT rescinds FMVSS 208, under certain circumstances. Prohibits insurer from charging a policyholder who has been convicted of violating safety belt use law a higher premium. The Department shall submit a report to the General Assembly on the effects of the law.

¹ Amendment providing that vans and pickup trucks are covered under safety belt use law is effective 3/1/89.

State Safety Belt Use Laws¹⁰

State/ Effective Date	Coverage	Waivers	Penalties	Damages/Evidence	Public Education Campaign	Other Provisions
Tennes- see 4/21/86	Driver and front seat passengers.	Vehicles over 8,500 lbs.; persons with medical excuses; rural letter carriers; certain dealerships involved in test drives; ve- hicles manufactured before 1969 MY; vehicles operated in reverse; utility meter readers; persons engaged in news- paper delivery; and vehicles not required to be equipped with safety belts.	\$25.00 fine. Fines only levied on second or later violation; first offense, warning ticket only. No points. Enforcement as secondary action only.	Non-compliance shall not be considered contribu- tory negligence or be admissible as evidence in any civil trial. Shall not be construed to relieve the manu- facturer from any product liability.	Yes.	Passage of this law provides that the population of this state will be included towards the required percentage of persons necessary to avoid federal regulations mandating the imposition of safety devices or regulations. Law will be null and void if US DOT does not include Tennessee within the popula- tion required to prevent federal air bag rule. On or before 7/1/89, division of state audit will review and evaluate the implementation, impact and efficacy of this law and report its findings to Senate and House govern- ment operations committees. On or before 1/31/89, the Senate and House government operations committees will jointly conduct at least one public hearing on these findings, and make recom- mendations as to whether the law should be repealed 6/30/90. Law is automatically repealed effective 6/30/90.
Texas 1/1/85	Driver and front seat passengers.	Persons with medical ex- cuses; postal carriers; and trucks with manufac- turer's rated carrying capacity over 1,500 lbs.	Fines between \$25.00 and \$50.00. No points.	Non-compliance shall not be admissible as evidence in a civil trial.	Yes.	None.

State Safety Belt Use Laws**

State/ Effective Date	Coverage	Waivers	Penalties	Damages/Evidence	Public Education Campaign	Other Provisions
Utah (T) 4/28/86	Driver and front seat passengers.	Persons with medical excuses; vehicles not required to be equipped with safety belts; vehicles manufactured prior to 7/1/66; rural letter carriers; and persons making frequent stops.	\$10.00 fine. No points. Enforcement as secondary action only.	Non-compliance shall not constitute contributory or comparative negligence, and may not be introduced as evidence in any civil action in the issue of damages.	No provision.	None.
Virginia (T) 1/1/88	Driver and front seat passengers.	Persons with medical excuses; police officers; rural letter carriers; delivery drivers; and taxicab drivers.	\$25.00 fine. No court costs. Secondary enforcement only. No points.	Non-compliance shall not constitute negligence, be considered in mitigation of damages, or be admissible as evidence.	Yes.	None.
Washington (T) 6/11/86	Driver and all passengers.	Persons with medical excuses and vehicles not required to be equipped with safety belts. Commission on Equipment may adopt rules exempting from the law occupants of farm and construction equipment, or persons who make frequent stops.	Minimum fine of \$25.00. No points. Enforcement as secondary action only.	Non-compliance does not constitute negligence or is admissible as evidence in any civil action.	No provision.	Traffic Safety Commission will undertake a study of the law's effectiveness and report its findings to the legislative transportation committee by 1/1/89.

State Safety Belt Use Laws**

State/ Effective Date	Coverage	Waivers	Penalties	Damages/Evidence	Public Education Campaign	Other Provisions
Wisconsin (IT) 12/1/87	Driver and all passengers.	Persons with medical emergency vehicles; taxicabs; farm trucks; rural letter carriers; and vehicles operated by delivery persons.	\$10.00 fine. No points.	Evidence regarding non-compliance shall be admissible in a civil action, but does not by itself constitute negligence.	Yes.	Law is automatically repealed effective 6/10/89. Law is not intended to be counted by US DOT to affect the applicability of federal automatic occupant restraint requirements.
D.C. (IT) 12/12/85	Driver and front seat outboard passenger.	Vehicles with seating capacity over 8; farm vehicles; vehicles manufactured prior to 7/1/66; and persons with medical excuses.	Maximum \$15.00 fine. Enforcement as secondary action only. No points.	Non-compliance shall not constitute evidence of contributory negligence, be a basis for a civil action for damages, or be used as a basis for mitigating damages in a civil liability suit.	Yes.	Law expires immediately if US DOT rescinds the federal automatic restraint requirements of FMVSS 208 unless such decision is not based on enactment or operation of this law.

SOURCE: MVMA
State Relations Department
December, 1988

(IT) Pertains to driver and front seat passengers of heavy duty trucks and automobiles.

*-Pertains to trucks under 10,000 pounds only.

**-Note: For final reliance, check the actual law copy.

SHD/D

STATE SAFETY BELT USE LAWS - PROGRAM EVALUATION AND SUNSET PROVISIONS

<u>STATE</u>	<u>EVALUATION PERIOD</u>	<u>RESPONSIBILITY</u>	<u>SUNSET</u>
California	None	Not applicable	Yes ¹
Colorado	None	Not applicable	Yes ⁴
Connecticut	None	Not applicable	No
Florida	None	Not applicable	No
Georgia	None	Not applicable	No
Hawaii	Annually 1987-91	State Dept. of Transportation & Insurance Commissioner	No
Idaho	Annually	Dept. of Transportation	No
Illinois	None	Not applicable	No
Indiana	Annually until 1/1/90	Division of Traffic Safety	No
Iowa	None	Not applicable	No
Kansas	Annually	Secretary of Transportation	No
Louisiana	None	Not applicable	No
Maryland	Annually	State Dept. of Transportation & Insurance Commissioner	No
Michigan	None	Not applicable	Yes ⁵
Minnesota	None	Not applicable	No
Missouri	Annually	Dept. of Public Safety	No
Montana	None	Not applicable	No
Nevada	None	Not applicable	Yes ¹
N. Jersey	None	Not applicable	No
N. Mexico	Annually	Dept. of Transportation	No
N. York	None	Not applicable	No
N. Carolina	Before 10/1/88	Governor's Highway Safety Office	Yes ⁶
Ohio	None	Not applicable	No
Oklahoma	Annually	Dept. of Public Safety	No
Pennsylvania	Before 8/3/89	Dept. of Transportation	Yes ¹
Tennessee	Before 1/1/89	Div. of State Audit - Office of Comptroller	Yes ^{1,2}
Texas	None	Not applicable	No
Utah	None	Not applicable	No
Virginia	None	Not applicable	No
Washington	Before 1/1/89	Traffic Safety Commission	No
Wisconsin	Before 1/1/89	Legislative Council	Yes ¹
D.C.	None	Not applicable	Yes ¹

1 If FMVSS 208 is rescinded.

2 June 30, 1990.

3 June 30, 1989

4 Law is repealed on 7/1/89 unless statistics show reduction in highway deaths.

5 Law is repealed on 4/1/89 if federal government requires passive restraints.

6 Law is repealed if a final determination by lawful authority is made that the law does not meet minimum criteria established by US DOT necessary to rescind federal rule requiring automatic restraints.

STATE SAFETY BELT USE LAWS - COVERED VEHICLES

<u>STATE</u>	<u>CARS</u> ¹	<u>VANS</u> ²	<u>PICKUP TRUCKS</u> ²	<u>MEDIUM/HEAVY DUTY TRUCKS</u> ³	<u>MPVs</u>
California	Yes	Yes-under 6,000 lbs	Yes-under 6,000 lbs	No	Yes-under 6,000 lbs
Colorado	Yes	Yes	Yes	No	Yes
Connecticut	Yes	Yes ⁴	Yes ⁴	No	Yes ⁴
Florida	Yes	Yes-under 5,000 lbs	Yes-under 5,000 lbs	No	Yes-under 5,000 lbs
Georgia	Yes	No	No	No	No
Hawaii	Yes	Yes	Yes	Yes	Yes
Ideho	Yes	Yes-under 5,000 lbs	Yes-under 8,000 lbs	No	Yes-under 8,000 lbs
Illinois	Yes	Yes	Yes	Yes	Yes
Indiana	Yes	Yes	No	No	Yes
Iowa	Yes	Yes	Yes	Yes	Yes
Kansas	Yes	Yes-under 12,000 lbs	Yes-under 12,000 lbs	No	Yes-under 12,000 lbs
Louisiana	Yes	Yes	Yes	No	No
Maryland	Yes	Yes	Yes	No	Yes
Michigan	Yes	Yes	Yes	Yes	Yes
Minnesota	Yes	Yes	Yes	No	Yes
Missouri	Yes	Yes	Yes	No	Yes
Montane	Yes	Yes	Yes	Yes	Yes
Nevada	Yes	Yes-under 6,000 lbs	Yes-under 6,000 lbs	No	Yes-under 6,000 lbs
N. Jersey	Yes	No	No	No	No
N. Mexico	Yes	No	No	No	No
N. York	Yes	Yes	Yes	Yes-under 18,000 lbs	Yes
N. Carolina	Yes	Yes	Yes	No	Yes
Ohio	Yes	Yes	Yes	Yes	Yes
Oklahoma	Yes	Yes	Yes ⁵	No	No
Pennsylvania	Yes	Yes-under 7,000 lbs	Yes-under 7,000 lbs	No	Yes-under 7,000 lbs
Tennessee	Yes	Yes-under 8,500 lbs	Yes-under 8,500 lbs	No	Yes-under 8,500 lbs
Texas	Yes	Yes ⁴	Yes ⁴	No	Yes ⁴
Utah	Yes	Yes	Yes	Yes	Yes
Virginia	Yes	Yes	Yes	Yes	Yes
Washington	Yes	Yes	Yes	Yes	Yes
Wisconsin	Yes	Yes	Yes	Yes	Yes
D.C.	Yes	Yes	Yes	Yes	Yes

1 Manufactured after 1/1/67 and designated as a 1968 model.

2 Manufactured after 7/1/71 and designated as a 1972 model

3 Manufactured after 1972 and required to be equipped with safety belts.

4 Van, pickup truck and MPVs are covered if the vehicle has a manufacturer's rated carrying capacity of not more than 1,500 lbs.

5 Pickup trucks with commercial license tags are excluded.

FACT SHEET:

UNIVERSITY OF MICHIGAN

"Effects Of Mandatory Safety Belt Use On Hospital Admissions"

August 1988

This study assessed the effects of Michigan's safety-belt-use law on more than 8,000 motor-vehicle injuries which resulted in hospitalizations at 14 area hospitals.

It was conducted by the University of Michigan School of Public Health from data collected through the Michigan Inpatient Database from January 1980 through October 1986. Major findings of this study include:

- The Michigan safety-belt-use law passed in July 1985 has resulted in a 19-percent reduction in hospitalizations due to automobile accidents.
- There were 20 percent fewer injuries to body extremities following the passage of Michigan's belt-use law.
- Hospitalizations lasting more than one week decreased nearly 25 percent after the law went into effect.
- After the state safety-belt-use law went into effect, minorities experienced 22 percent fewer injuries.
- A 32-percent decline in injuries occurred among patients using public-health insurance after passage of the state law.
- With regard to the contention that safety belts may cause injuries, researchers concluded "the benefits of restraints far exceed the risks associated with them."

* * *

MAR 30 1989

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March 27, 1989

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IN ALASKA

The Honorable John Binkley
Co-Chairman
Senate Finance Committee
Pouch V
Juneau, AK 99811

The Honorable Rick Uehling
Co-Chairman
Senate Finance Committee
Pouch V
Juneau, AK 99811

RE: Senate CS for CSHB 105 (Transportation -
Mandatory Use of Safety Devices in Motor Vehicles)

Dear Senators Binkley and Uehling:

The American Insurance Association, a trade organization representing over 190 property/casualty insurance companies, supports legislation to improve the safety of vehicles, highways, and drivers. To this end, the AIA generally endorses seat belt legislation. I will be unable to attend the committee hearings on March 30 concerning HB 105 and I request that this correspondence be part of the record before the committee.

House Bill 105 was significantly amended on the House floor to include a section which mandates at least a 5% mandatory premium reduction, effective one year after enactment of the bill. There was no significant public discussion on this amendment through the committee process on the House side.

There is no objective evidence to correlate the 5% mandated premium reduction with the House bill. It is the AIA's position that the cost of the insurance product is better left to the competitive market process rather than through mandate. The

The Hon. John Binkley and
The Hon. Rick Uehling

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March 27, 1989

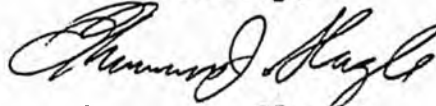
Division of Insurance continually monitors the premium rates to ensure that they are neither excessive nor inadequate. Ultimately, the Division of Insurance will ensure that any legislative changes are appropriately reflected in the premium rates.

During the Senate Transportation Committee hearings, several members of the insurance industry testified against the 5% mandatory rate decrease. The Senate Transportation Committee introduced a committee substitute deleting the 5% mandatory premium reduction and adding Section 7 which states:

Consideration shall be given to the effects of the required use of safety belts and child safety devices under AS 28.05.095, and the resulting experience must be reflected in motor vehicle bodily injury liability insurance rates.

The American Insurance Association, supports the Senate Transportation Committee substitute for CSHB 105.

Sincerely,



Thomas J. Slagle
Alaska Counsel
American Insurance Association

TJS:blh:033

MAR 31 1989

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Reply to: JUNEAU

March 30, 1989

Senator Uehling
Co-Chairman of Finance
Alaska State Legislature
Box V
Juneau, Alaska 99811

Re: CSHB 105

Dear Senator Uehling:

I am writing this letter to you and other members of the Finance Committee in order to respond to some of the questions which were raised during my testimony today. Senator Frank and Senator Zharoff had a number of questions about rating. I have been in touch with State Farm and with respect to State Farm, each State stands on its own and the rate filings are based totally on Alaska experience. There is no cost subsidy to Alaska from other states or from Alaska to other states. The only time rate filings might be based on data from other states would occur if there is not a creditable data base from Alaska. The only possible exception to each state standing on its own would occur in a catastrophic loss type situation where company surplus would be required to satisfy the claims. Company surplus is not allocated on a state-by-state basis, and again, this would occur only in the very rare catastrophic loss situation.

Senator Uehling
March 30, 1989
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HUGHES THORSNESS GANTZ POWELL & BRUNDIN
ATTORNEYS AT LAW

State Farm tries to conduct rating reviews annually, and conducts those reviews on the various different types of coverage, i.e., bodily injury, property damage, medical payment coverage, etc. Basically what occurs is the actuaries examine the premium dollars coming in, evaluate the trend of losses which have occurred in the past, and make a projection as to the frequency and severity of claims which they expect to occur in the future, and then determine if the premium is adequate. As I indicated to your committee, the overall premiums for State Farm Mutual in Alaska have declined approximately 13% over the last ten years. State Farm Mutual also gave a 20% dividend during the last year.

I also enclose herewith a copy of the December, 1988 Hawaii report which I referred to in my testimony. As you will see the last page of that report states:

On the basis of fatal accident data, the MUL appears to be an effective means of saving lives and money. The post-law two year average fatal accident rate per 100 million vehicle miles of travel was 29% lower than the three year pre-law average (sic). We estimate that 52 front seat occupant lives have been saved during the first two years of the law. The estimated savings in total front seat occupant injury cost to society is \$31,304,676.00. On the basis of ten quarters of loss experience, which does not represent a fully creditable database for rate making purposes, the personal injury protection claim and severity data do not indicate that PIP insurance rates should be reduced.

(Emphasis Added).

As you can see from the report, the \$31,304,676 figure was based on an estimated "theoretical savings of \$602,103.00" for every fatality that is saved. Since the policy limits are much lower than the theoretical fatality cost, and the theoretical fatality cost assumes the survivor is uninjured, the \$31,000,000 estimate contained in this report does not translate into a like reduction in claims paid, nor was it represented to be an accurate reduction of claims savings in this report. I think Representative Gruenberg simply glanced at this very quickly before the hearing and did not understand what this figure represented.

Senator Uehling
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HUGHES THORSNESS GANTZ POWELL & BRUNDIN
ATTORNEYS AT LAW

Although Representative Gruenberg continues to refer to the report Safety Belt Use and Automobile Insurance, the fact is that it is very difficult to project either before or after the fact the effect of seat belt laws on insurance premiums. The Hawaii study is perhaps the best attempt to do this which I have seen. As you can see from that study, the personal injury protection data "indicates that the frequency of claims is decreasing, however the severity of claims is increasing at a rate higher than the medical consumer price index." The conclusion of the Hawaii study was that the personal injury protection claim and severity data did not indicate a reduction in personal injury protection insurance rates. Of course since Hawaii is a no-fault state, the personal injury protection coverage tells us whether the cost of bodily injury coverage is increasing or decreasing. This data needs to be qualified because these losses include all injured persons such as all occupants, pedestrians, and non-collision related losses.

If you look at the National Highway Traffic Administration Report to Congress, what you will find is in the instances analyzed, the estimated savings was less than what had been originally anticipated and that it is difficult if not impossible to measure the impact on the question of severity of injury. As I have stated above, the most recent Hawaii study did not indicate that personal injury protection rates should be reduced. According to the NHTSA report, Iowa experienced a 1.5 percentage point drop in bodily injury loss payments made to injured persons by insurers of motorists at fault, for each 10 percentage point increase and a 3% for each 10 percentage point increase drop in medical payments paid to motorists by their own insurers. It is unclear from this report how the conclusion was drawn that the decrease was due to seat belt use as opposed to other factors. Furthermore, even according to this report, the Iowa insurance department noted the difficulty of separating the "impacts of the law from variations in medical costs, crash frequency, and other factors." The Massachusetts law was repealed and the Texas law does not appear to consider the impact on severity of injuries.

I have previously forwarded to the Transportation Committee data measuring the impact of seat belt use by comparing the incurred claim frequency of the bodily injury liability or personal injury protection coverages to property damage liability coverage, which is not affected by the seat belt law. Enclosed for your review is a copy of that data. This technique is intended to remove the influence of other factors that may produce changes in claim frequency. For example, the ratio of PIP claims to property damage liability claims in Florida has been quite stable over the last four years, even though a mandatory seat belt use law became effective July 1, 1986 and was enforced on January 1, 1987. The statistics for New York, Texas,

Senator Uehling
March 30, 1989
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HUGHES THORSNESS GANTZ POWELL & BRUNDIN
ATTORNEYS AT LAW

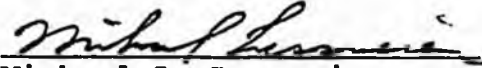
and Illinois show similar patterns. We certainly hope that increased seat belt usage will hold down bodily injury losses and ultimately automobile insurance rates, however, the specific effect of a law cannot be predicted. Only experience will prove its effectiveness. This is especially true for seat belt laws, since usage rates vary considerably and tend to drop off after an initial peak.

We have not seen any attempt to mandate rate reduction with other safety measures, such as the 55 mph speed limit, higher tail lights, user friendly interiors in vehicles, or increased enforcement of driving while drinking laws. Given the safeguards present in the system already, we see no reason to mandate such a reduction with this legislation. If the legislation achieves savings, the savings will either be reflected directly in the rates, or used to reduce a rate increase which would otherwise occur. If such reductions do not occur as a result of market pressures, they will occur as a result of the direction by the Director of Insurance. We strongly believe that the rate making authority should remain with the Director and the legislature should not become involved on a piece-meal basis of setting rates in the manner proposed.

I expect to receive further information from Allstate as to their methods of rating on Monday and will provide that information to you as soon as I do receive it. If either you or other members of your committee have further questions, please let me know and I will do my very best to obtain the answers for you as quickly as I am able. I do thank you for the opportunity you gave me this morning to comment and for the opportunity to provide further information through this letter.

Sincerely,

HUGHES, THORSNESS, GANTZ,
POWELL & BRUNDIN

By: 
Michael L. Lessmeier

MLL:srs/0148L

cc: Senate Finance Committee Members

RECEIVED
MAR 17 1989

REPORT TO THE FIFTEENTH LEGISLATURE
OF THE STATE OF HAWAII
REGULAR SESSION OF 1989

ON

SECTION 5 OF ACT 235
SESSION LAWS OF HAWAII 1985

SUBJECT: EFFECTIVENESS OF THE MANDATORY SEAT BELT USE LAW

STATE OF HAWAII
Department of Transportation
Department of Commerce and Consumer Affairs
December, 1988

REPORT TO THE LEGISLATURE
REGULAR SESSION OF 1989
ON
SECTION 5 OF ACT 235 SLH 1985

Section 5 of Act 235 SLH 1985 requires the State Director of Transportation and the State Insurance Commissioner to submit five annual reports to the Legislature beginning with the 1987 session. The reports are to address the effectiveness of the state's mandatory seat belt use law (MUL) and include information about public compliance, traffic accidents and their resultant injuries and the law's effect on insurance rates. This is the third report.

PUBLIC COMPLIANCE:

Statewide public compliance with the law was at 73% in January of 1986, but it subsequently dropped to a low of 63.5% in October of 1987. In January, 1988, through a combination of public education and enforcement, we reversed the downward trend; use went up to 66.5% and increased again in June to 68.5%.

Two methods of measuring compliance are: (1) conduct belt use observational surveys; and (2) review accident report belt use data. The accident data has questionable reliability, because most of the time the information comes from the occupants themselves. This makes it easy for people to report that they were using a belt, when in fact they were not. Other disadvantages of this data are: (1) it takes a long time to accumulate, compile and analyze; and (2) Hawaii's pre-1986 automated data relates only to drivers. The user rates for drivers in accidents during the period of 1983 through 1985 are presented in Table I. The data indicate that belt use was low but improving.

TABLE I
Seat Belt Use Rates for Drivers in Accidents

<u>C.Y.</u>	<u>Honolulu</u>	<u>Hawaii</u>	<u>Maui</u>	<u>Kauai</u>	<u>State</u>
1983	20.7%	12.8%	7.6%	9.6%	17.8%
1984	27.1%	13.1%	12.6%	11.5%	23.0%
1985	42.0%	25.9%	21.1%	23.8%	36.7%

Observational surveys offer an expedient and reliable indication of belt use. When Hawaii's MUL was passed, two surveys specific to front seat outboard occupants were scheduled. One was taken in November-December, just before the law's December 16, 1985 effective date and the other was taken in January, 1986. Subsequently, two surveys per year at

six-month intervals were scheduled. The results thus far are presented in Table II. The data indicate that the law was an effective means of increasing belt use. Although belt use decreased for two years, the downward trend was reversed.

TABLE II
1985-87 Observed Use of Seat Belts
by Front Seat Occupants

<u>Date</u>	<u>State</u>	<u>Oahu</u>	<u>Hawaii</u>	<u>Maui</u>	<u>Kauai</u>
Dec. 1985	33%	37%	26%	26%	29%
Jan. 1986	73%	77%	64%	67%	71%
June 1986	67%	72%	60%	58%	65%
Jan. 1987	66%	70%	63%	55%	66%
June 1987	64%	71%	59%	45%	67%
Oct. 1987	64%	71%	55%	44%	65%
Jan. 1988	67%	71%	70%	50%	65%
June 1988	69%	73%	66%	59%	69%

ACCIDENT DATA:

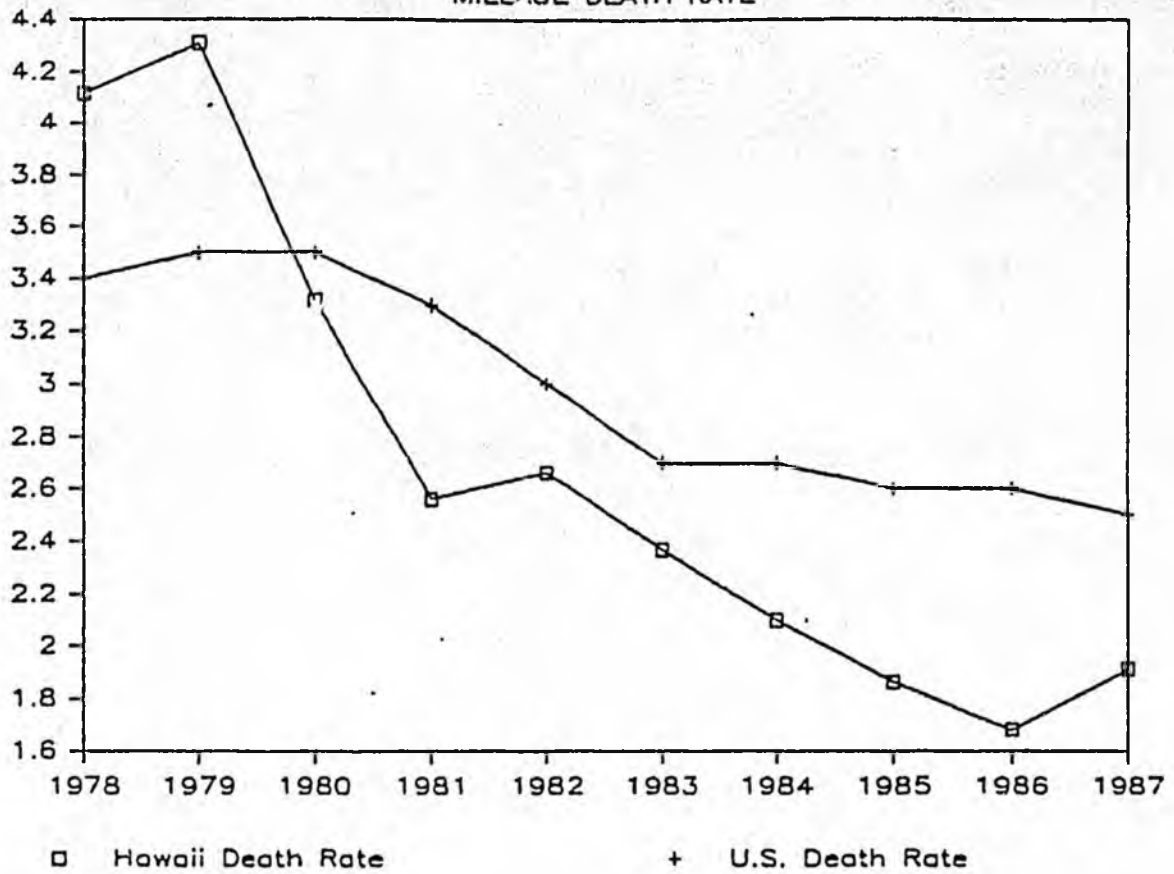
There are several items to consider when evaluating accident data. One of the more important is the number of vehicle miles driven. Generally, if there is an increase in the number of miles driven, all other things being equal, there will also be an increase in the number of accidents that occur. One means of compensating for this variable is to calculate an accident rate per miles travelled.

In CY 1987 there were 138 traffic fatalities; the death rate (Graph I) was 1.91 per 100 million miles of travel (the national rate was 2.5). In 1986 Hawaii's death rate was 1.68. The death rate includes all fatalities associated with motor vehicle accidents, not just occupants under the purview of the mandatory use law (MUL). Two examples of non-motor vehicle occupants included in the death rate are pedestrians and bicyclists. Examples of motor vehicle occupants unaffected by the MUL but included in the death rate are motorcyclists and rear seat occupants of passenger vehicles. Because the death rate is so general, its utility is limited. It can be used to determine the fatality trend, but unless a rate is computed with the nonoccupant numbers taken out, it is not a good means of evaluating MUL effectiveness.

Table III provides data that is specific to motor vehicle occupants. The numbers in parentheses are rates per 100 million vehicle miles of travel. There were significant improvements in 1986 compared to the averages of the previous four-year period. There was a 32% decrease in the occupant

STATE OF HAWAII

MILEAGE DEATH RATE



fatality rate, a 58% decrease in the fatality rate for unbelted occupants and the 356% increase in the belted occupant fatality rate.

The 1987 fatal accident data seem to reflect the continual decrease in belt use in that there were increases across the board compared to 1986. However, even with the increases the 1987 data were better than the pre-law data. The number of fatalities was down 10% and the fatality rate was down 21%.

TABLE III
Occupant Fatality Numbers & (Rates)

<u>C.Y.</u>	<u>Occupant Fatalities</u>	<u>Unbelted Occupant Fatalities</u>	<u>Belted Occupant Fatalities</u>	<u>Use Not Known</u>	<u>Unbelted Occ's In Fat. Accs</u>
1982	107 (1.77)	103 (1.70)	1 (.017)	3	233
1983	92 (1.56)	85 (1.45)	3 (.051)	4	217
1984	89 (1.37)	81 (1.25)	3 (.046)	5	205
1985	91 (1.35)	78 (1.15)	8 (.118)	5	203
4-Yr Ave.	95 (1.51)	87 (1.39)	4 (0.58)	4	215
1986	72 (1.03)	41 (0.59)	26 (.373)	5	79
1987	86 (1.19)	52 (0.72)	29 (.402)	5	118
2-Yr Ave.	79 (1.11)	47 (0.66)	28 (.388)	5	99
Difference	17% (27%)				

A comparison of the post-law two-year average occupant fatality rate with the four-year pre-law average shows a 27% improvement. The annual average number of occupant fatalities was reduced by about 16 (17%). However, before we can determine whether the MUL is related to this reduction and whether this reduction represents the effectiveness of the MUL, we must eliminate the data for occupants who were not riding in the front seat.

EFFECT OF BELT USE ON FRONT SEAT OCCUPANTS IN FATAL ACCIDENTS:

On the basis of fatal accident data, it appears that the MUL has improved the front seat occupant fatality record significantly. Table IV allows us to evaluate the effects of the changes that occurred in the fatality rates (per 100 million miles of travel) over the years. The projected fatalities show what would have happened had there been no change in the fatality rates. The projections for the two years before the law are based on the previous year's record. The post-law projections are based on the pre-law three-year average fatality rate.

TABLE IV
Front Seat Occupant Fatality Data

<u>Year</u>	<u>Mil.Miles Travelled</u>	<u>Actual Fats./Rate</u>	<u>Projected Fatalities</u>	<u>Difference</u>
1983	5,872.5	85 (1.45)	N/A	N/A
1984	6,486.3	85 (1.31)	94	-9(10%)
1985	6,761.5	76 (1.12)	89	-13(15%)
3-Yr Ave	6,373.4	82 (1.29)	82	N/A
1986	6,970.8	58 (0.83)	90	-32(36%)
1987	7,212.2	73 (1.01)	93	-20(22%)
2-Yr Ave	7,091.5	66 (0.92)	91	-25(28%)
Ave's Diff.	+718.1 11%	-16 (0.37) -20% (29%)	+ 9 11%	

There was a 29% improvement in the fatality rate and a 20% decrease in the average number of fatalities. On the basis of miles travelled, had the post-law fatality rate stayed the same as the three-year pre-law average rate, there would have been an 11% increase in the number of persons killed. This correlates with the 11% increase in the number of miles travelled. As it turned out, there was a 20% annual average decrease. Comparing the differences between the projected fatalities for 1986 & 1987 with the actual fatalities shows that there were 52 fewer front seat occupant fatalities during that two-year period than would have been expected on the basis of past experience. This is evidence that the MUL has been very effective.

Naturally, there were concomitant savings associated with nonfatal injuries and occupants with no injuries. Table V shows an 11% reduction in the nonfatal injury rate and a 27% reduction in the rate for uninjured persons. The latter reduction is an enigma, because if belts are effective against injury and more people use belts, then the number of uninjured persons should increase rather than decrease. One possible explanation for this anomaly is that it may somehow be associated with the 12% reduction in the total number of occupants involved in fatal accidents. Another possibility is that it is the result of seat belts being less effective against minor injuries than more serious injuries.

TABLE V
Front Seat Nonfatally Injured And Uninjured Occupants
Before & After The MUL

<u>CY Ave.</u>	<u>Total Injured</u>	<u>Total Not Injured</u>
3-Yr Before	81 (1.28)	28 (0.433)
2-Yr After	81 (1.14)	23 (0.319)
% Change	0% (-11%)	18% (-27%)

The MUL appears not to have had a positive effect on nonfront seat occupant injuries. Although there was a 10% reduction in the average nonfatal injury rate and a 9% reduction in the no injury rate, the fatality rate increased 54%.

As noted earlier, nonfatal accident data for CY 1986 and 1987 are not yet available for analyses. The data in Table VI is intended to set the ground work for future comparisons. Although this data shows a 106% increase in belt use by drivers, the rate began at such a low level that significant changes in injury experience would not be expected. The injury rate decreased only 7%.

TABLE VI
Driver Injury Rates vs. Belt Use Percents
(per million miles of travel)

<u>C.Y.</u>	<u>Belt Use Percents</u>	<u>Possible Injury</u>	<u>Noninca- pacitating</u>	<u>Incapaci- tating</u>	<u>Fatal</u>	<u>Total</u>
1983	17.8%	57.56	38.01	24.98	1.00	121.55
1984	23.0%	55.49	33.47	24.95	1.03	114.94
1985	36.7%	54.06	37.73	19.99	1.02	112.80

The relatively minor change in the rates for the Possible Injury category may be due to reporting problems. Many people do not report minor injuries or do not know they are injured until the next day after the accident. Thus, the injuries may not appear on the police accident reports, the source of this injury data.

COST BENEFITS OF THE MUL:

Using national Fatal Accident Reporting System (FARS) data, the NHTSA has estimated that the average cost to society for a fatality is \$353,380. Multiplying this by the estimated

52 lives that were saved by the MUL equals \$18,375,760 for two years. It is also possible to make a more comprehensive estimate of the financial benefit of the MUL with FARS data. This additional data indicate that there are about 78 police-reported motor vehicle injuries for each fatality. The average percent of these by seriousness (AS-5 = critical and AS-1 = minor) is shown in Table VII. Also shown is the cost per injury by classification and the computed cost of nonfatal injuries to society per fatality. The total cost of nonfatal injuries per fatality is \$436,342. Adding this to the cost of a fatality, makes a sum of \$789,722.

When computing the savings that are accrued due to seat belt use, the effectiveness of belts against the injury classifications must be considered. NHTSA estimates that belts are about 50% effective against all injury classifications except AS-1; they are only 10% effective against them. Therefore, when estimating savings, only 10% of the AS-1 \$208,566 cost per fatality can be used. There is, therefore, a theoretical savings of \$602,103 (353,380 + 36,432 - 87,709) for every fatality that is saved. Multiplying this by 52 produces a product of \$31,309,356 saved during the first two years of the MUL.

TABLE VII
Cost of Injuries to Society

<u>Injury Type</u>	<u>Percent of All Injuries</u>	<u>Number Per Fatality</u>	<u>Cost Per Injury</u>	<u>Computed Cost/Fatality</u>
AS-5	0.3	.23	\$284,752	\$ 65,493
AS-4	0.9	.70	64,812	45,368
AS-3	5.0	3.90	14,742	57,494
AS-4	11.4	8.89	6,684	59,421
AS-1	82.4	64.27	3,245	208,566
Totals	100.0	78	. 374,217	436,432

EFFECT OF BELT USE ON NO-FAULT INSURANCE:

The ten quarters of loss experience which is currently available under Hawaii's seat belt law still does not represent a fully credible data base for insurance ratemaking purposes. Insurance ratemaking for Personal Injury Protection (PIP) coverage is normally based upon a minimum of two accident years of loss experience evaluated as of 24 and 36 months.

The following comparative loss data, as reported to the Insurance Commissioner, for the pre-MUL accident years:

1983-1985 and for the post-MUL accident years 1986-1988 are evaluated as of 12 months except for 1988 which is evaluated as of 6 months.

<u>Acc. Year</u>	<u>Incurred Claims</u>	<u>Frequency¹</u>	<u>Sevrty²</u>	<u>Annual Chng In Sevrty</u>	<u>CIP-Medical</u>	<u>Annual Change In CIP-Medical</u>
1983	14,059	3.44%	1,500	17.3%	357.6	10.3%
1984	12,096	2.93%	1,836	22.4%	379.7	6.2%
1985	13,736	2.86%	1,959	6.7%	400.6	5.5%
1986	13,137	2.57%	2,101	7.2%	432.8	8.0%
1987	14,368	2.51%	2,303	9.6%	452.6	4.6%
1988	6,685	2.05%	2,357	9.9%	461.6	3.0% ³

$$^1\text{Frequency} = \frac{\text{Incurred Claims}}{\text{Vehicle Exposure}}$$

$$^2\text{Severity} = \frac{\text{Incurred Losses}}{\text{Incurred Claims}}$$

³Annual Change from June, 1987

The PIP data indicates that the frequency of claims is decreasing, however, the severity of claims is increasing at a rate higher than the medical consumer price index. The reduction in the frequency of claims parallels insurance studies done in several other states which have also enacted seat belt laws. Those studies indicate that seat belt laws have reduced the frequency of serious and fatal injuries by 5-10%. However, those studies suggest that seat belts do not actually reduce the number of minor accident injuries that often result in expensive insurance claims.

With respect to Hawaii's PIP data, there are several limitations to consider: (1) the claims and losses are for all injured persons (i.e. all occupants, pedestrians, and non-collision related PIP losses); (2) PIP coverage includes medical and rehabilitative expense, wage loss, substitute service expenses, funeral expenses, survivor's benefits and other economic losses necessarily incurred as a result of injuries sustained in an automobile accident; (3) insurers are required to provide the same statutory benefits regardless of an injured persons compliance/non-compliance with Hawaii's MUL. Given the multitude of payment types, any changes in the frequency and severity of PIP claims would not be solely attributable to Hawaii's MUL.

However, while the current Hawaii PIP data does not indicate that PIP insurance should be reduced, the declining frequency of claims will serve to temper any rate increases resulting from the higher claims severity.

SUMMARY:

On the basis of fatal accident data, the MUL appears to be an effective means of saving lives and money. The post-law 2-year average fatal accident rate per 100 million vehicle miles of travel was 29% lower than the 3-year pre-law average. We estimate that 52 front seat occupant lives have been saved during the first two years of the law. The estimated savings in total front seat occupant injury cost to society is \$31,304,676. On the basis of ten quarters of loss experience, which does not represent a fully credible data base for rate making purposes, the Personal Injury Protection claim and severity data do not indicate that PIP insurance rates should be reduced.

Exhibit I

Ratio of Personal Injury Protection or Bodily Injury
Liability Claim Frequency to Property Damage Liability
Claim Frequency

Florida Effective 7/1/86 Enforced 1/1/87		New York Effective 12/1/84		Texas Effective 9/1/85		Illinois Effective 7/1/85	
Year	<u>(PIP/PD)</u>	Year	<u>(PIP/PD)</u>	Year	<u>(BI/PD)</u>	Year	<u>(BI/PD)</u>
1985	.467	1983	.387	1983	.179	1983	.248
1986	.486	1984	.386	1984	.187	1984	.247
1987	.473	1985	.358	1985	.183	1985	.252
1988	.469	1986	.377	1986	.187	1986	.246
		1987	.386	1987	.213	1987	.268
		1988	.379	1988	.229	1988	.269

John L. George And Associates
9515 Moraine Way
Juneau Alaska 99801
(907) 789-0172

APR 4 1989

April 4, 1989

The Honorable John Binkley
Co-Chairman
Senate Finance Committee
Pouch V
Juneau, Ak. 99811

The Honorable Rick Uehling
Co-Chairman
Senate Finance Committee
Pouch V
Juneau, Ak. 99811

RE: Senate CS for CSHB 105 Transportation

Dear Senators Binkley and Uehling:

The National Association of Independent Insurers, a trade organization of property and casualty insurers, supports legislation to improve safety for motor vehicle occupants. The bill that you currently have before the Finance Committee as amended in the Senate Transportation Committee, is a very positive step to save lives.

During a hearing on Senate CS for CSHB 105 in your committee last week, considerable thought was given to amending the bill to provide for a 5% automobile bodily injury rate reduction. The amendment would create the rebuttable presumption that use of seatbelts in combination with all other rating factors, such as medical costs, accident frequency, and litigation costs, would by the end of the first year warrant the 5% rate cut.

Loss statistics in other states confirm that while the accident death rate will be reduced through the use of seatbelts, these accidents will still result in injuries which require payment of insurance policy limits. Some people already use seatbelts. Some people never will use seatbelts regardless of the law. Medical costs increase faster than inflation and accident frequency may increase as less money is spent on highway maintenance during budget cutting.

We believe that it is unrealistic to presume that severe injury and death cases will have sufficiently matured, by the time the filing is due, to provide any meaningful

The Hon. John Binkley and -2-
The Hon. Rick Uehling

April 4, 1989

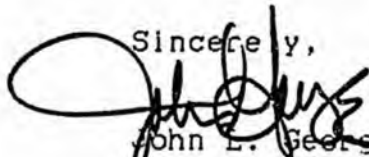
statistics for rate filing purposes. Meaningful loss data may be available two to three years after the end of the year for which the data is collected.

The Hawaii report that was referred to in a recent committee hearing supported mandatory seatbelt use because it saved "society" thirty-one million dollars. The report further said that the statistics did not support any insurance cost reduction. Society can benefit from lower fatalities even though insurers do not realize bodily injury cost reduction.

The principle of State insurance regulation in Alaska relies on the Director of Insurance and his responsibility to continually review auto insurance rates. The state of Alaska has a very competitive auto insurance market which keeps insurance rates down. It is our contention that insurers should always be required to statistic justify their rates as is currently provided by law. They should not be required to rebut presumptions that are not supported by the facts.

The NAII urges the Senate Finance Committee to promptly pass on the Senate Transportation Committee version of CSHB 105. Passage of this version of the bill will save Alaskan lives and will require that insurance rate filings reflect the actual Alaskan experience.

Sincerely,



John L. George
Alaska Representative
NAII



FLUOR DANIEL

Fluor Daniel Alaska, Inc.
900 West 5th Avenue, Suite 300, P. O. Box 196680
Anchorage, Alaska 99519-6680
(907) 276-2636

April 24, 1989

Senate Finance Committee
Pouch V
Juneau, Ak 99811

Attention: Senator Rick Uehling, Co-Chairman
Senator John Binkley, Co-Chairman

Gentlemen:

PROPOSED SENATE BILL 119
An Act Relating to Corporate Income Taxes

Fluor Daniel Alaska, Inc. is Alaska's largest engineering and construction company. It is a wholly owned subsidiary of the world wide Fluor Corporation which has a long history of work in Alaska.

Senate bill 119 proposes to change the basis of income taxes for foreign companies from worldwide unitary taxation to water's edge taxation. This action would discriminate against domestic corporations in competing both in Alaska and overseas.

In your deliberation of tax legislation, we strongly urge you to maintain a level hand in regards to treating foreign and domestic companies equally. If water's edge taxation is to be used for foreign companies, it should, at a minimum, be available for domestic companies as a discretionary option to worldwide unitary taxation in a manner such as that used by the State of California.

Fluor Daniel Alaska is proud to be Alaskan but should not be forced to pay a premium over our foreign competitors.

Very truly yours,

George P. Wueroh
President and Regional Manager

GPW:jnr

9114A.115

2

STATE OF ALASKA

DEPARTMENT OF EDUCATION

OFFICE OF THE COMMISSIONER

STEVE COWPER, GOVERNOR

GOLDBELT PLACE
801 WEST 10TH STREET
P.O. BOX F
JUNEAU, ALASKA 99811-0500

April 20, 1989

The Honorable Rick Uehling
The Honorable John Binkley
Co-Chairmen, Senate Finance Committee
P. O. Box V
Juneau, Alaska 99811

Dear Senators Uehling and Binkley:

The purpose of this letter is to provide information on why Senate CSCS HB 105(Transportation) "An Act Relating to Mandatory Use of Safety Devices in Motor Vehicles; and Motor Vehicle Bodily Injury Liability Insurance Rates," exempts passengers in school buses from requirements of the bill.

1. Safety belts are not required in large school buses - The U.S. Department of Transportation has concluded in a report titled Safety Belts in School Buses (June, 1985) that the current construction of school buses referred to as "compartmentalization" (high back, close together, well padded, energy absorbing seats) provides adequate occupant protection, and that a Federal requirement for safety belts in large school buses is not warranted.
2. There are no standards for installation of safety belts in large school buses - The Federal government has not issued standards for installation of safety belts in large school buses. Seat strength, floor strength, anchorage requirements, belt type and size, etc. have not been specified.
3. Some large school buses in Alaska are nevertheless partially equipped with safety belts - The fact that safety belts are not required in large school buses, and that no installation standards exist, does not preclude a local school district, private school or bus operator from installing belts if it so desires. Many belts serve only as restraining devices for special education students and are not intended to protect students in the event of an accident.

April 20, 1989

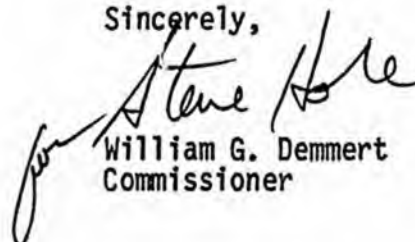
The Department of Education does not maintain statistics on the age, size and number of buses equipped with safety belts, nor how the belts were installed. It is conceivable that some belts have not been adequately installed and that the following situations may exist:

- a. buses with belts on seats not well anchored to the floor and, in some cases, which have no padding to cover the metal seat frame;
 - b. buses with seat construction inadequate to withstand the forces generated by safety belts which could collapse with pupils belted to them;
 - c. buses with floor strength that has deteriorated due to severe weather conditions and varied maintenance making the floor less capable of withstanding the forces of the bus seat with belted passengers in a crash situation;
 - d. buses with inoperable safety belts; or
 - e. buses with safety belts at some seating positions and not at other seating positions.
4. Possibly more injuries to belted passengers in school buses - Crash testing conducted by the Canadian government and reported in the publication School Bus Safety Study issued January, 1985, by Transport Canada (an agency equivalent to the U.S. Department of Transportation) indicates that the use of lap seat belts in various sizes of school buses may result in more severe head and neck injuries for a belted occupant than for an unbelted one in a severe frontal collision. On smaller buses, the heads of all the restrained dummies experienced forces that were judged to be life threatening or fatal.

Based on the above factors, we believe that the State of Alaska should leave the decision to local school districts as to whether they want to mandate the use of belts on school buses. Senate CSCS HB 105(Transportation) allows local school districts to make this decision.

If you have questions, feel free to contact Romaine Kareen, the Department's Administrator of Pupil Transportation Services at 465-2890.

Sincerely,


William G. Demmert
Commissioner

cc: Steve Hole
Romaine Kareen

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

May 2, 1989

SUBJECT: Mandatory seatbelts - SCS CSHB 105(Finance)
TO: Senator John Binkley
FROM: Michael F. Ford *M.F.*
Legislative Counsel

You have asked if requiring that seatbelts be used in school buses would increase the potential civil liability of a driver. Assuming that the driver acts reasonably to make sure that school bus passengers are properly buckled in, I do not think that requiring seatbelts be used in certain school buses will increase or decrease the civil liability of the driver. In the absence of a specific situation it is not possible to predict liability; however the fact that seatbelts are required by law in certain school buses does not automatically increase the liability of the school bus driver.

Please contact me if you have further questions.

MFF:mi
wkmi3/104

Enclosure



Official Business

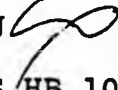
Alaska State Legislature

Pouch V
State Capitol
Juneau, Alaska 99811

March 30, 1989

MEMORANDUM

TO: Senator John Binkley
Senator Rick Uehling
Co-Chairs, Senate Finance Committee

FROM: Representative Max Gruenberg 

RE: Proposed Amendment to SCS CS HB 105 (Trans)

My proposed amendment to SCS CS HB 105 (Trans) creates a presumptive 5 percent reduction in personal injury insurance premiums, subject to adjustment if insurers show that a higher or lower reduction is appropriate.

Enclosed is a copy of the National Highway Traffic Safety Administration's Report to Congress on Safety Belt Use and Automotive Insurance (1988). The report points out that insurance regulatory agencies in four states with mandatory seat belt laws "have analyzed the impacts of rising seat belt use on insurance claims and incorporated this information into their decisions on pricing." The states' studies showed reductions in all categories of injuries (p. 20, table 4), as well as in the dollar amount of payouts. In all four states, insurance reductions were ordered.

The report concludes that rising seat belt usage should reduce injury coverage prices about 5 to 10 percent." (p. 23)

The presumption that seat belt usage will reduce insurance payouts, and that insurance premiums should be reduced, is most strongly supported by the fact that many insurers themselves offer premium reductions for cars with automatic belts (p. 23). These insurers would not offer this discount unless they believed that seat belts reduced their payouts.

My proposed amendment would guarantee that all Alaska consumers share in the savings related to increased seat belt usage. I urge the committee to adopt the amendment when it marks up the bill.

TESTIMONY IN SUPPORT OF CSHB105
SAFETY BELT USE LAW

BY
FRANK BICKFORD, EXECUTIVE DIRECTOR
ALASKA SAFETY BELT USE COALITION

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THE ALASKA SAFETY BELT USE COALITION STRONGLY ENDORSES CSHB105--SAFETY BELT USE LAW. THE COALITION, FORMED IN 1985, ADVOCATES THE PASSAGE OF A SAFETY BELT USE LAW AND PROMOTES THE USE OF SAFETY BELTS.

SAFETY BELT USE LAWS THAT HAVE BEEN PASSED IN 32 STATES AND D.C. MOTIVATE PEOPLE TO BUCKLE UP. THOSE STATES FOUND THAT VOLUNTARY USE WAS LOW AND THROUGH LEGISLATING THE USE OF SAFETY BELTS THE INCENTIVES TO USE THEM HAVE RESULTED IN SIGNIFICANT NUMBERS OF LIVES SAVED AND COSTS REDUCED.

THE COALITION IS A GRASS ROOTS MOVEMENT COMPRISED OF OVER 8,000 INDIVIDUALS AND 90 ORGANIZATIONS REPRESENTING A WIDE RANGE OF INTERESTS, INCLUDING HEALTH CARE DELIVERY SYSTEMS, BUSINESS AND INDUSTRY, EDUCATION, FRATERNAL, SERVICE AND CIVIC ORGANIZATIONS WHO BELIEVE THAT A SAFETY BELT USE LAW WILL SAVE LIVES, DECREASE INJURIES AND SAVE THE STATE OF ALASKA MILLIONS OF DOLLARS IN EXPENDITURES EACH YEAR.

THE LATEST HIGHWAY USERS FEDERATION REPORT ESTIMATES THAT A MANDATORY SEAT BELT USE LAW CAN SAVE 35 LIVES A YEAR, REDUCE THE HARDSHIP AND COST OF OVER 600 INJURIES AND SAVE \$18 MILLION A YEAR TO THE STATE OF ALASKA IN MEDICAL COSTS, INSURANCE EXPENSES, LEGAL COSTS, LOSS OF PRODUCTIVITY AND OTHER COSTS SUCH AS POLICE, FIRE DEPARTMENT AND EMERGENCY SERVICE COSTS.

EDUCATIONAL CAMPAIGNS PROMOTING SAFETY BELT USE HAVE BEEN LAUNCHED HERE AND ACROSS THE COUNTRY. SAFETY BELT USAGE INCREASES TEMPORARILY DURING THE CAMPAIGN AND THEN RETURNS TO A LOW PERCENTAGE. THE AMOUNT OF MONEY SPENT IS GREAT AND THE RESIDUAL IMPACT SLIGHT. SAFETY BELT USE LAWS AND AN AGRESSIVE EDUCATIONAL CAMPAIGN MUST BE COMBINED TO ACHIEVE MAXIMUM USE. IN THE ABSENCE OF A LAW EVEN WITH AN EDUCATIONAL CAMPAIGN, LESS THAN 32% OF THE POPULATION WILL BUCKLE UP. HOWEVER, A STATEWIDE POLL (ALASKA) LAST SHOWED THAT 81% OF ALASKANS WOULD WEAR SAFETY BELTS IF REQUIRED BY LAW.

A SAFETY BELT USE LAW IS THE INCENTIVE TO ESTABLISH THE SAFETY HABIT IN THOSE WHO OTHERWISE WOULD NOT BUCKLE UP.

IF A PERSON IS KILLED OR INJURED, IT AFFECTS MORE PEOPLE THAN THE VICTIM. PERSONS ARE NOT ALLOWED A "FREEDOM TO CHOOSE" TO PAY THE HEALTH CARE COSTS OF THOSE WHO "CHOOSE" NOT TO WEAR THEIR SAFETY BELTS.

UNBELTED OCCUPANTS CAUSE INJURIES TO OTHER OCCUPANTS BY BECOMING "UNGUIDED MISSILES." THUS, THE "FREEDOM TO CHOOSE" TO WEAR THE BELT DOES AFFECT OTHERS DIRECTLY.

SIMILAR TRAFFIC-SAFETY LAWS PROTECT MOTORISTS AND OTHERS, SUCH AS: SPEED LIMITS, DWI, AND DRIVER LICENSING. SAFETY BELT USE LAWS ARE CONSISTENT WITH THESE AND OTHER LAWS.

TRAFFIC ACCIDENTS DO NOT HAPPEN ON PERSONAL HIGHWAYS AND STREETS. THE COSTS TO SOCIETY IN TERMS OF MEDICAL, REHABILITATION, UNEMPLOYMENT AND WELFARE SERVICES SUPERCEDE THE "RIGHT" OF PEOPLE TO SERIOUSLY OR FATALLY INJURE THEMSELVES OR OTHERS BY NOT BUCKLING UP. IN 1985, 1986 AND 1987, 201 OUT OF 231 ALASKANS KILLED IN MOTOR VEHICLE ACCIDENTS WERE NOT "BUCKLED UP." THIS TRAGEDY COULD HAVE BEEN PREVENTED. STATISTICS FROM SAFETY EXPERTS SHOW THAT THERE IS A BETTER THAN 50 PERCENT PROBABILITY THAT THE DEATHS WOULD HAVE BEEN AVOIDED IF ALASKA HAD A SAFETY BELT USE LAW.

THE PROPOSED SAFETY BELT USE LAW IN ALASKA IS A SECONDARY OFFENSE, REQUIRING THAT A MOTORIST BE STOPPED FOR ANOTHER OFFENSE BEFORE A \$15 TICKET (WHICH MAY BE DONATED TO THE EMERGENCY MEDICAL SERVICES) CAN BE ISSUED FOR NOT USING SAFETY BELTS.

SECONDARY ENFORCEMENT WILL NOT IMPOSE ADDITIONAL BURDENS ON LAW ENFORCEMENT OFFICERS RESPONSIBLE FOR CITING MOTORISTS UNDER THIS ACT. SAFETY BELTS REDUCE TRAFFIC FATALITIES, WHICH ARE EIGHT TIMES AS EXPENSIVE TO INVESTIGATE AS NON-INJURY ACCIDENTS. IN FACT, OFFICERS WOULD HAVE MORE TIME TO CONCENTRATE ON OTHER TRAFFIC ENFORCEMENT PROGRAMS WITH A MANDATORY BELT USE LAW IN PLACE.

ON 2/23/89, CONSERVATIVES AND LIBERALS, REPUBLICANS AND DEMOCRATS JOINED FORCES IN THE ^(HOUSE) STATE TO PASS CSHB105 BY AN IMPRESSIVE 27 TO 12 VOTE.

ONCE CSHB105 PASSES THE LEGISLATURE AND IS SIGNED BY THE GOVERNOR, THE ALASKA SAFETY BELT USE COALITION PAYS FOR A ONE YEAR EDUCATIONAL CAMPAIGN (T.V., RADIO, NEWSPAPER, DIRECT MAIL, PUBLIC SERVICE ANNOUNCEMENTS, AS WELL AS PRESENTATIONS TO INTERESTED ORGANIZATIONS, SCHOOLS AND COMMUNITIES) PROMOTING THE LAW. THIS SERVICE PROVIDED BY THE COALITION WILL MEAN THE STATE WILL NOT HAVE TO SPEND MONEY TO IMPLEMENT THE LAW.

THE STATISTICS, THE PUBLIC SUPPORT, THE EDITORIAL SUPPORT (ANCHORAGE TIMES, ANCHORAGE DAILY NEWS, FRONTIERSMAN, VALLEY SUN, JUNEAU EMPIRE AND FAIRBANKS DAILY NEWS MINER), AND LEGISLATIVE SUPPORT SHOWS THAT THE PROPOSED SAFETY BELT USE LAW IS ONE THAT ALASKA CAN LIVE WITH.

To: Sen. Uehling
From: Frank Bickford

FB

LEGISLATIVE UPDATE
April 14, 1989

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**201 OUT OF 231 ALASKANS KILLED IN MOTOR
VEHICLE ACCIDENTS IN 1985, 1986 & 1987
WERE NOT BUCKLED UP.**

Statistics from safety experts show that half of these deaths would have been avoided if Alaska had a safety belt use law in place.

(National Highways Users Federation, 1987)

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TWO MORE STATES PASS SAFETY BELT USE LAWS!

✓The 32nd state to pass a safety belt use law was **Wyoming** in March.

✓**North Dakota** became the 33rd state when their safety belt bill was signed into law on April 11, 1989.



ALASKA SAFETY BELT USE COALITION

"SAFETY BELT USE" SUPPORT ORGANIZATIONS

APRIL 10, 1989

The list of organizational support continues to grow!

Here is an updated listing of all resolution support groups and those issuing letters of support for the passage of a safety belt use law (HB105) in Alaska:

3M

AA ALASKA

A. CLAIRE RENN, MD

ADVISORY BOARD ON DRUG ABUSE

AK ACADEMY OF PHYSICIAN ASSISTANTS

AK Ch AMERICAN SOCIETY OF SAFETY ENGINEERS

AK CHIEFS OF POLICE ASSOCIATION

AK COUNCIL ON PREVENTION OF DRUG & ALCOHOL ABUSE, INC.

AK DENTAL SOCIETY

AK SAFETY ADVISORY COUNCIL

AK HEALTH EDUCATION CONSORTIUM

AK LUNG ASSOCIATION

AK NURSES ASSOCIATION

AK PEACE OFFICERS ASSOCIATION

AK REGIONAL EMS COORDINATORS

AK STATE FIREFIGHTERS ASSOC/PORT OF VALDEZ CH

AK STATE MEDICAL ASSOCIATION

AK STATE MEDICAL ASSOC AUXILLIARY

AK TREATMENT CENTER

AL FINE ASSOCIATES

ANCHORAGE GYMNASTICS

ANCHORAGE MEDICAL & SURGICAL CLINIC

ANCHORAGE OBSTETRICS & GYNECOLOGY

ANCHORAGE SAND & GRAVEL

ARCO ALASKA SAFETY DIVISION

AVIS RENT-A-CAR

B & C SUPPLY

BLUE CROSS OF WASHINGTON & ALASKA

CHEFF IN USA

CHUCKE WELLES, INC.

CLINTON HERRIDGE, MD

CONSOLIDATED FREIGHTWAYS

CORROON & BLACK, INC.

DAWSON SUBARU

DECLAN NOLAN, MD

DENALI TRANSPORTATION dba PACIFIC MOVERS

EASTWIND, INC.

ELIZABETH DESCHWEINITZ, MD

ERNEST MEINHARDT, MD

FBI NATIONAL ACADEMY ASSOCIATES

FEDERAL SAFETY & HEALTH COUNCIL

FIRESTONE STORES

GEORGE STRANSKY, MD

GOODYEAR TIRE & RUBBER CO.

HAROLD'S RENT-A-TRUCK

HEALTH ASSOCIATION OF ALASKA

HEALTH CARE COALITON OF ALASKA

HEDLAND, FLEISCHER, FRIEDMAN, BRENNAN &

COOKE

HIGHWAY USERS FEDERATION OF ALASKA

HUMANA HOSPITAL/EXECUTIVE COMMITTEE

JACKOVICH INDUSTRIAL & CONSTRUCTION SUPPLY

JAMES BERTELSON, MD

JEFF BRAND, MD

JOHN FROST, MD

JOHN SMITH, MD

JON LYON, MD

JOY-ROSSSTON ZIMMERMAN, RNC, ANP

JUNEAU RETIRED TEACHERS ASSOCIATION

JUNIOR TOWNE

KASMAR & SLONE, ATTORNEYS-AT-LAW

KENNETH BEHYMER, MD

KODIAK CHAMBER OF COMMERCE

KODIAK CRIMESTOPPPERS, INC.

KODIAK/ANCHORAGE & JUNEAU CHAPTERS

MAMMOTH OF ALASKA

MARK ZIMMERMAN, MD, FACOG

MORRISON-KNUDSEN CO

NHP REAL ESTATE & MANAGEMENT

NATIONAL ASSOCIATION OF EMS DIRECTORS

NATIONAL CAR RENTAL

NATIONAL HEAD INJURY FOUNDATION

NATIONAL LEAGUE OF CITIES

NELL LUFTIN, MD

NORTHSTAR COUNCIL ON AGING, INC.

PATRICK BRADY, MD

PERATROVICH, NOTTINGHAM & DRAGE, INC.

PHYLLIS KIEHL, MD

PIONEER HONDA

POOL ARCTIC, INC.

REVIEW BOARD ON ALCOHOLISM

RECREATION CLUB OF KODIAK

ROY BRENNAN, MD

SAMUEL ALATIS, MD

SEA-LAND SERVICE, INC.

SHERMAN BEACHAM, MD

SHEARSON LEHMAN HUTTON/ALASKA

SKURLA'S CASH REGISTER CO.

SONIC CABLE TELEVISION OF ALASKA

SPENARD AUTO SUPPLY, INC.

STATE ADVISORY COUNCIL ON EMS

STEPHEN KULIN, MD

THE FAMILY PRACTICE ASSOCIATION

TRYON WEILAND, MD

UNIVERSAL MOTORS, INC.

WILLIAM FITTS, MD

WILLIAM BROWNER, MD

WILSYK ALASKA, INC.

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EASTWIND, INC.

ELIZABETH DESCHWEINITZ, MD

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WILSYK ALASKA, INC.

February 22, 1989

P.O. Box 1337

Anchorage, AK 99509-1337

(907) 561-7525

High court upholds Texas seat belt law

MAR 13 1989

FROM STAFF AND WIRE REPORTS

The U.S. Supreme Court told a retired Houston attorney Tuesday he and the other drivers in Texas will have to stay buckled up when they are behind the wheel.

The court tossed out the 2½-year-old effort by Raymond D. Richards Jr. to have Texas' seat belt law declared unconstitutional.

The justices refused to consider the appeal from his 1986 conviction for driving without a seat belt. He was fined \$35 and ordered to pay court costs.

The high court's ruling affirmed the constitutionality of the 1985 state law requiring front-seat occupants of virtually all vehicles to wear seat belts.

"It's been 2½ years all right, and I'm

disappointed," Richards said.

"That's what all the courts have been doing to me, so I can't say I'm surprised. But I am disappointed," he said.

The justices found no "substantial federal question" in Richards' arguments and refused to consider the case. No other explanation was offered.

After being fined in traffic court of Southside Plaza in June 1986, Richards began a series of appeals that wound up before the nation's highest court. Although he declined to say how much the effort has cost, Richards said he spent a "lot of time and effort looking into the legal questions."

The retired attorney based his appeal on a belief the law violates his fundamental right to be free of bodily restraints. But his appeals were rejected by the Harris County

□ Tough stance on pornography/A-19

Criminal Court-At-Law No. 11 and by the state First Court of Appeals before the Texas Court of Criminal Appeals declined to review the case.

Richards then headed for the U.S. Supreme Court.

The friendliest ruling he ever received came from the First Court of Appeals, which held 2-1 against him. In his dissent, Justice Ben G. Levy held that allowing the state to punish someone for not wearing a seat belt might lead to punishment "for smoking cigarettes, for not brushing one's teeth or for being foolish."

Richards now has the option of asking the Supreme Court for a rehearing. Whether he will is a "down-the-road decision."

State Sen. Ted Lyon, D-Mesquite, author of the seat belt legislation, hailed the court's decision as "a victory for those of us concerned about safety."

"I am heartened by the Supreme Court's finding that it is a states' rights issue," Lyon said. "The law will stay on the books."

Richards, 70, said he began wearing his seat belt when the law took effect in December 1985.

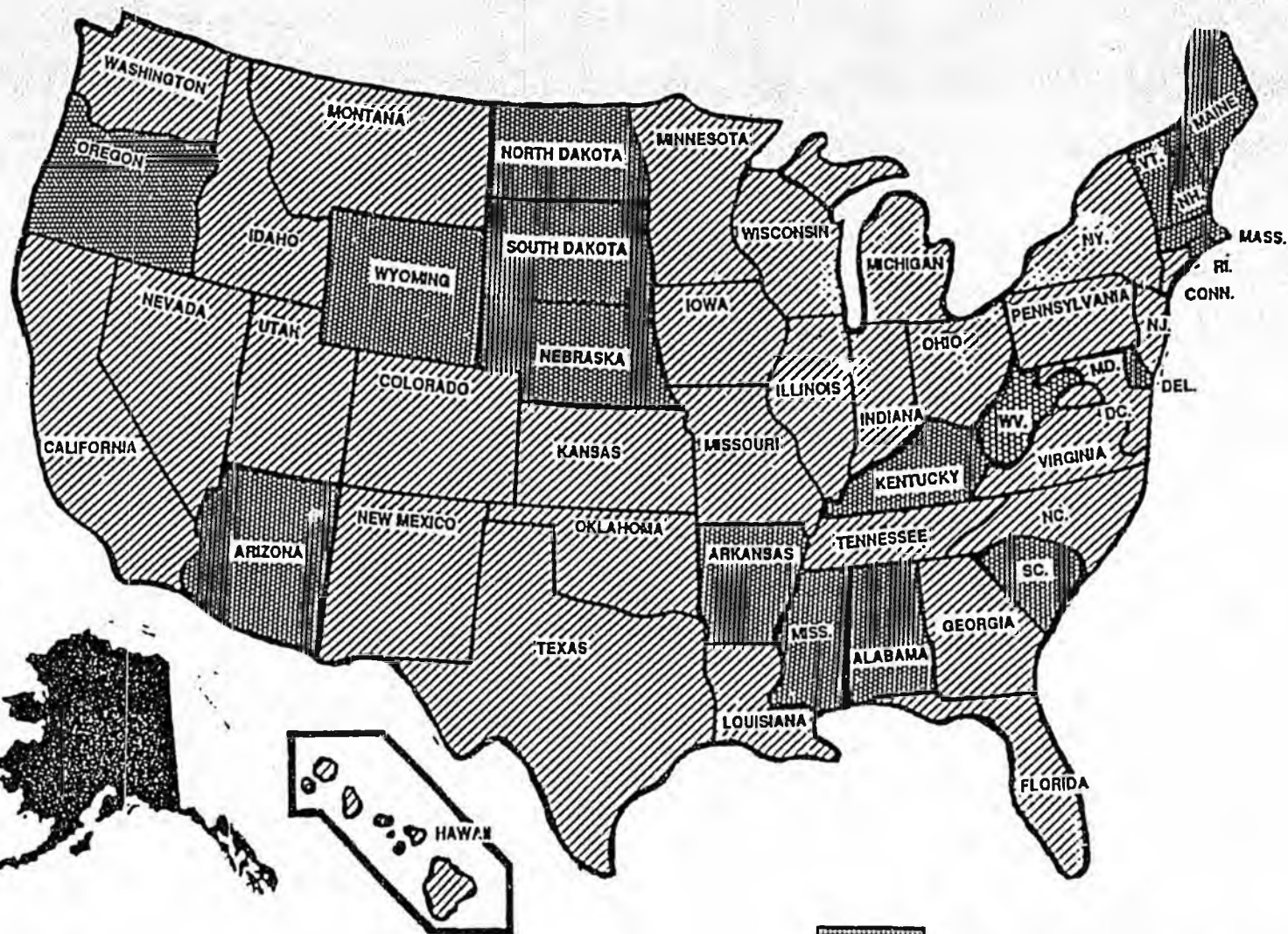
"I was stopped because I failed to buckle up on that particular occasion shortly after that law took effect," he recalled.


"It's the old story about it being hard to teach an old dog new tricks. That would certainly apply to me."

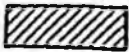
Has he been wearing his seat belt since then?

"Sure," he said. "It's the law."

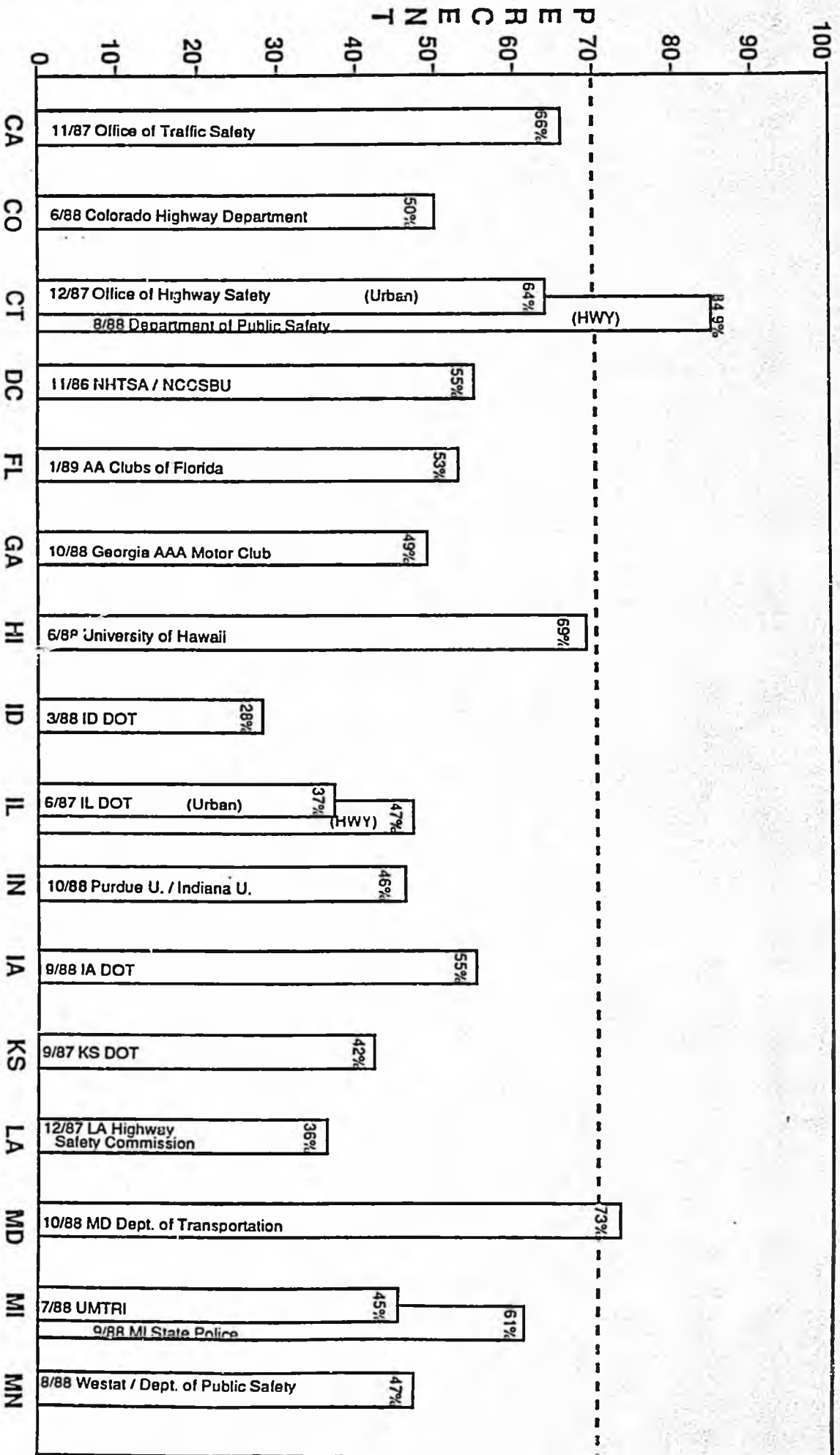
STATUS OF SAFETY BELT USE LEGISLATION



 NO BELT-USE LAW ENACTED

 BELT-USE LAWS PASSED

COMPLIANCE RATES IN POST-LAW STATES

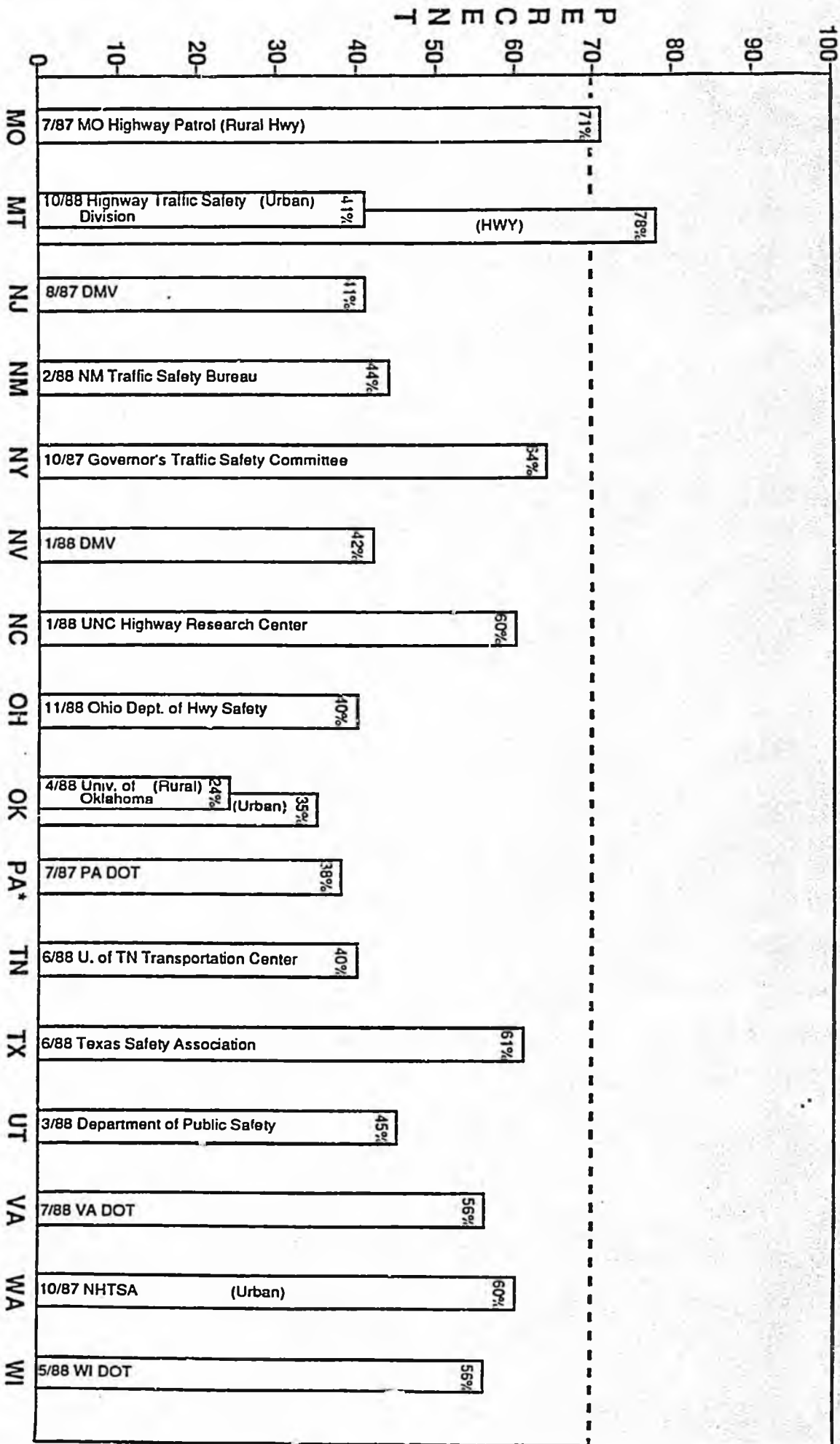


March 1989

(OVER)

COMPLIANCE RATES IN POST-LAW STATES

Page 2



* Use rates prior to law taking effect

THE FOLLOWING DOCUMENT HAS
NOT BEEN FILMED BUT IS
AVAILABLE IN THE ORIGINAL
FILE



U.S. Department
of Transportation
National Highway
Traffic Safety
Administration

Safety Belt Use and Automobile Insurance:

A Report To Congress 1988

Prepared in Response to the Committee Report
Accompanying the 1988 Department of Transportation
Appropriations Bill as Enacted in the
Continuing Resolution for FY 1988

COMM OFFC	MIKE	CLAUDIA	EARL	⑧
CLB	RECEIVED			FWD
NEED BY	FEB 08 1989			DRAFT REPLY
	HIGHWAY SAFETY PLANNING AGENCY			RET
FYI	KEEP DISC	APPROVE	FILE	ACTION COPY

EXECUTIVE SUMMARY

This report was prepared in response to the Committee Report accompanying the 1988 Department of Transportation Appropriations Bill as enacted in the continuing resolution for FY 1988. It describes the relationship between rates of safety belt use and automobile insurance prices. Because reliable data on insurance claims costs for 1986 will not be available until 1989, the report presents a reasonably reliable, but preliminary, estimate of the impact of belt use.

The theory supporting a linkage of safety belt use to auto insurance prices involves a chain of causation. Belt use reduces injury incidence and severity. These reductions should decrease insurance claims payments, leading to lower prices for the injury-related portions of auto insurance.

Safety belt use laws now cover more than 80 percent of the population. They have raised use from about 15 percent nationally to about 48 percent in states with belt laws and about 43 percent overall. Most laws apply to front seat occupants of cars and light trucks, motorists who experience roughly 60 percent of all traffic fatalities, 70 percent of severe injuries, and 80 percent of moderate injuries.

In 1987 alone, the 25 percentage point rise in national belt use over 1984 levels saved about 1300 lives and prevented about 16,000 moderate to serious injuries. The resultant reduction in automobile insurance claims was roughly \$1 to \$2.5 billion dollars. Other public and private insurers probably saved another \$0.5 to \$1.25 billion.

A study by the Highway Loss Data Institute, conducted using claims data gathered from numerous insurers, shows that each 10 percentage point increase in belt use cuts injury claims frequency for covered occupants in New York and New Jersey by 1.7 to 3.3 percent. This finding is consistent with several studies of injury incidence, which reveal decreases of 2.5 to 3.7 percent in fatalities among covered occupants and 1.8 to 3.0, or perhaps even 4.0, percent in moderate to serious injuries. The drop in overall fatality and injury rates is roughly 1.2 to 2.4 percent.

→ Laws in Hawaii, Iowa, and Massachusetts required reductions in the price of auto personal injury insurance coverages, including bodily injury liability, personal injury protection or own-medical payments, and sometimes uninsured motorist liability. The Texas State Board of Insurance also reduced auto injury insurance prices in response to the Texas belt law. The reductions, which generally are supported by claims experience, range from 5 to 12 percent -- a 1.5 to 2.8 percent decrease in the price of personal injury coverage for each 10 percent rise in belt use. The average auto insurance bill in these states dropped approximately 2 to 6 percent, \$9 to \$27 per vehicle insured.

The \$1 to \$2.5 billion insurance claims reductions produced by increased belt use, if spread across all injury coverages, also would cut typical auto insurance bills by 2 to 6 percent. No direct evidence describes the effects of such insurance price reductions on belt use. However, it seems unlikely that price reductions of this size will have much effect. Between 1983 and 1986, auto claims costs per injury rose 17.5 percent per year. The rate of cost increase slowed to 9.7 percent in 1987, perhaps due in part to increased belt use. Unless the rate of cost increase slows substantially, the impacts of rising belt use probably will slow insurance price growth, but not reverse it.

Insurance prices may be more effective as an incentive for safety belt use if the consequences of belt use are stated as actual savings rather than a reduced rate of price increase. By structuring business-related incentives that make the savings explicit, some auto insurers have used their influence and their advertising budgets to promote belt use and traffic safety. Often, they have applied some of the savings resulting from rising belt use to offer a large discount on a relatively low-cost coverage or to provide a not overly costly add-on coverage for free, rather than spreading them thinly across a broad range of coverages. For example, discounts of 10 to 30 percent on injury coverage for vehicle occupants, which most insurers now offer purchasers of cars with automatic crash protection, typically reduce insurance bills by \$5 to \$20.

Transportation Secretary Jim Burnley has challenged the insurance industry "to come up with incentives to encourage car buyers to opt for air bags and other safety devices." In response, USAA, the nation's ninth largest auto insurer, offered to pay a \$300 bonus to policyholders who buy or take long-term leases on cars equipped with optional air bags in 1988, negotiated creation of and helped finance incentive programs to encourage manufacturers and dealers to market air bags aggressively, and added other incentive coverages. Programs responding to Secretary Burnley's challenge appear to be more promising incentives for increased occupant protection than small reductions in standard injury coverage prices.

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I. INTRODUCTION

The National Highway Traffic Safety Administration (NHTSA) has prepared this report on the linkage between safety belt usage rates and automobile insurance price reductions¹ in response to a directive in the Committee Report accompanying the 1988 Department of Transportation Appropriations Bill as enacted in the continuing resolution for FY 1988. The Congress suggested that:

stronger linkage of automobile insurance rates and premiums to seat belt usage rates may provide an important seat belt usage incentive.

It directed NHTSA to:

analyze this linkage and identify ways of promoting the use of seat belt statistics for determining automobile insurance rates

Case studies were specifically requested "in states such as Texas" where insurance price reductions were mandated in the state's belt use law or were reduced in response to the belt use increases following the law's enactment.

THIS REPORT IS DIVIDED INTO FIVE CHAPTERS

The report was based primarily on preexisting research for two reasons. First, Congress indicated it should be submitted quickly and prepared under existing budget authority. Second, state data on insurance claims paid in 1986 generally will not be available until the end of 1989, so that the study results are necessarily very preliminary.

The report first considers how increased belt use can affect insurance claims and prices. This effect involves a chain of causation. Belt use reduces the probability of injury. A reduced injury probability means fewer injuries and fewer injury liability claims filed with and paid by insurers. Belt use also reduces the average severity of the injuries that do occur and, possibly to a lesser extent, the average cost per injury claim paid. Reduced claims, in turn, can lead to reduced insurance prices.

¹More formally, the charge paid for an insurance policy is called a premium. The premium amount is determined from a rate schedule that shows appropriate rates (in other words, prices) to charge classes of insurance purchasers.

Chapter II provides relevant facts about the automobile insurance industry, with emphasis on what insurance covers, the way prices are set, and the major factors other than belt use that are inducing price changes. While this background information is necessary only at the end of the chain, it is useful to keep in mind throughout.

Chapter III examines the chain's various links. It describes the trend in safety belt use and the laws promoting use. It examines how increasing belt use has reduced traffic fatalities and injuries. Finally, it discusses the aggregate and per-policy average cost savings produced by these belt use increases.

The report then discusses how these cost savings have been and could be used to encourage greater belt use. Chapter IV describes the insurance price reductions ordered in Hawaii, Iowa, Massachusetts, and Texas in response to rising belt use, as well as the analyses underlying these reductions. It summarizes relevant analyses by insurance rating bureaus and insurance claims data analysis organizations. It identifies bonus coverages that selected insurers give to belt users and price discounts for vehicles equipped with automatic restraint systems. Three case studies explore how discounts came to be offered and what makes them effective.

Chapter V concludes and summarizes the report. It also assesses effective ways to structure insurance price reductions as safety belt use incentives.

II. STRUCTURE AND OPERATION OF THE AUTO INSURANCE INDUSTRY

The insurance industry is split for regulatory purposes into three principal segments: property and casualty, life, and health. Some insurance holding companies have subsidiaries that sell policies in all three lines of business, but most restrict themselves to one or two. Auto insurance is the largest seller among property and casualty coverages, accounting for 42 percent of receipts in this segment -- over \$81 billion in 1987.

More than 40 percent of auto insurance premiums are written by mutual and reciprocal insurance companies (Wish, 1988). These companies are essentially cooperatives owned by their policyholders. The remaining premiums are written by traditional stock corporations.

As this chapter explains, a wide range of auto insurance coverages is available. About 40 to 50 percent of the typical auto insurance premium is charged for injury-related coverages, with the remainder for property damage protection. Furthermore, a third of the reimbursement for auto injuries comes from other sources, primarily health insurers. Consequently, only a portion of any reduction in injury costs would affect auto insurance prices. Since premiums per registered vehicle have risen an average of 9 percent per year since 1981, a very large reduction probably would be needed to bring about an actual price drop rather than just a slower rise.

MANY AUTO INSURANCE COVERAGES ARE AVAILABLE

Auto insurance is split into physical damage and liability coverages. Physical damage coverages pay for damage to the insured's vehicle. They include:

- o Collision, which pays for repair or replacement of the insured vehicle if it is involved in a crash and the driver of another vehicle is not at fault.
- o Comprehensive, which, among other things, pays for repair or replacement of a vehicle that is stolen or damaged without being involved in a crash.

If the vehicle was financed, the lender normally requires physical damage and liability coverage. Rising belt use should not affect the price of this coverage since it will have minimal impact on crash frequency (O'Neill et al., 1985).

Liability coverages (loosely defined to also include coverage of the insured's own medical costs) reimburse losses resulting from injuries and from at-fault damage to the property of other people. The nature of these coverages depends on state tort law. Liability coverages include:

- o Personal Injury Protection (PIP) coverage in states with no-fault laws. Under no-fault law, a crash-involved vehicle's PIP coverage reimburses the medical costs of vehicle occupants, up to a fixed limit, regardless of who is at fault in the crash. Some reimbursement, at least for serious injuries, also can be obtained by suing the person who was at fault in the crash. Lost income is compensated by auto insurers only under liability coverage of at-fault drivers.
- o Medical payments or own-medical coverage, originally called first-aid coverage, in states where tort liability laws provide that injured occupants will recover their injury-related losses by suing the person at fault in the crash. This coverage pays a modest amount of the medical costs for occupants of the insured vehicle, typically \$1,000, without reference to fault, in tort states. This coverage is designed to assure payment for emergency medical treatment. The insured's health insurance normally reimburses any further medical costs if the insured is at fault in the crash, although coverage against these costs can be purchased as part of the auto medical payments package. Lost income is not compensated by this coverage.
- o Bodily injury coverage, which reimburses other people's medical, income, and other losses when the insured is at fault in a crash. In no-fault states, this coverage applies only to costs that legally can be recovered through tort action.
- o Third-party property damage, which pays for property damage that is the insured's fault.
- o Uninsured (and underinsured) motorist protection, which reimburses the insured's costs if the insured's vehicle or the insured is hit by an uninsured, at-fault motorist. This coverage applies even while the insured is a pedestrian. Again, lost income is not compensated.

In 18 states, injury coverage is written on a no-fault basis. Eighteen additional states require drivers to purchase coverage to reimburse bodily injury and property damage they inflict on others. Even the remaining states have laws requiring those involved in crashes to furnish proof of their financial responsibility (Insurance Information Institute, 1987). These laws encourage but do not ensure purchase of liability insurance.

AUTO INSURANCE PAYS ABOUT TWO-THIRDS OF REIMBURSED CRASH-RELATED INJURY COSTS

Available data suggest that auto insurance pays about two-thirds of total reimbursed crash-related injury costs. The remainder is paid by other insurance programs, which also will benefit from the cost reductions produced by higher belt use.

Almost all automobile insurance limits the insurer's maximum liability. In most states, drivers are required to purchase only \$40,000 of liability coverage for all persons injured in a crash, subject to a limit of at least \$20,000 per individual (Insurance Information Institute, 1987). Automobile policies rarely cover more than \$300,000 to \$500,000. PIP medical coverage typically is limited to \$5,000 to \$25,000, but is unlimited in a few states.

An important implication of liability limits is that auto insurance will not cover the full costs of some injuries. Two national studies (All-Industry Research Advisory Council, 1979; U.S. Department of Transportation, 1971) confirm that severe and fatal injury costs often exceed policy limits, with the public sector and the people involved in the crash typically bearing two-thirds of these costs. Severe and fatal injuries contribute about 85% of the total economic costs -- medical costs and lost earnings -- of injuries resulting from auto crashes.

Other insurance programs also pay a portion of auto injury costs. A 1977 survey of people injured in crashes showed that almost one third of their average reimbursement came from health insurance, long-term disability insurance, life insurance, and such public insurance programs as Medicaid, Medicare, unemployment compensation, and Social Security (All-Industry Research Advisory Council, 1979; Coonley and Gurvitz, May 1983; Houchens, 1985). In states without no-fault systems, these are the only sources of more than \$1,000 in compensation that typically are available to at-fault drivers and their immediate families. When someone is injured while on work-related travel, most costs are paid by Workers' Compensation insurance, health insurance, sick leave, and corporate liability policies (Young, 1988).

INJURY-RELATED COVERAGES ACCOUNT FOR 40-50 PERCENT OF AUTO INSURANCE PRICES

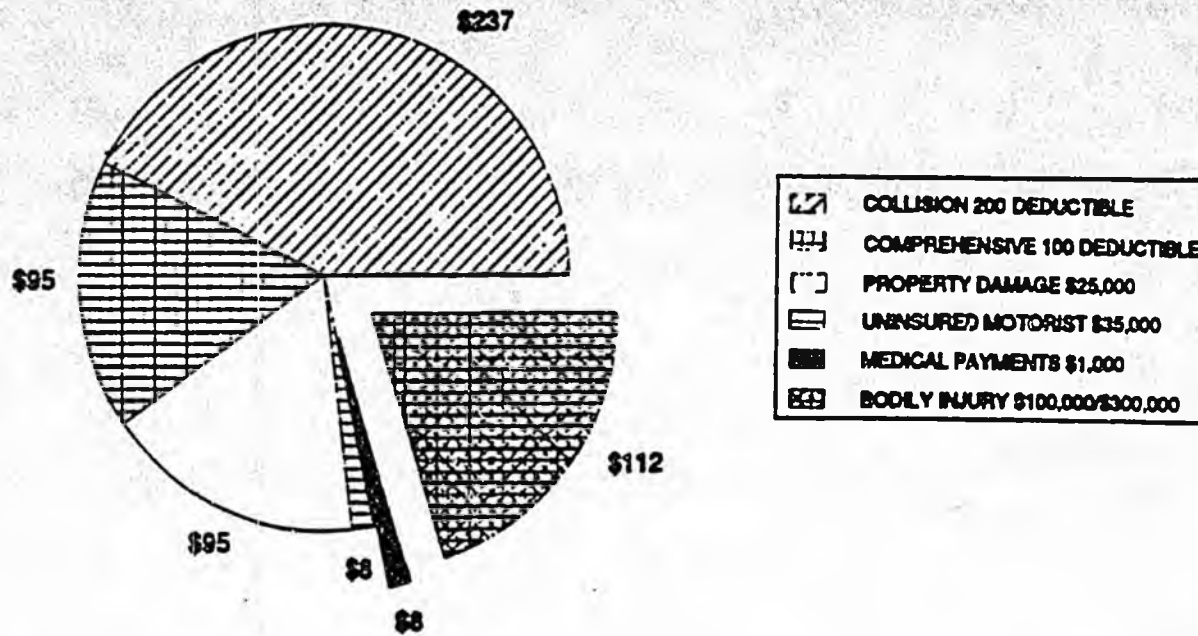
Figure 1 illustrates the price of each coverage for a young driver of a sporty car in central Philadelphia and the middle-aged drivers of a station wagon in suburban Omaha (Yezzi, 1988). The prices shown here are those presently recommended by the Insurance Services Office (ISO). ISO is a rating bureau. It pools data on insurance claims payments and provides advisory information about pricing to the insurers that supplied the data. Figure 1 suggests that drivers, whether paying modest or astronomical prices, are likely to pay less than half of their insurance premiums for bodily injury liability and medical coverage if they buy collision and comprehensive coverage, as about 70 percent do (Docket 74-14-32-6106 and 6106, 1984).

National data obtained for this report from insurers writing more than 30 percent of all auto premiums, when combined with data on total premiums from Wish (1988), indicate that the average driver pays roughly 40 to 50 percent of premiums for injury coverages. These data also show that 10 to 20 percent of the premiums cover the insured's own injury costs and the remaining 25 to 30 percent cover liability if the insured injures another person.

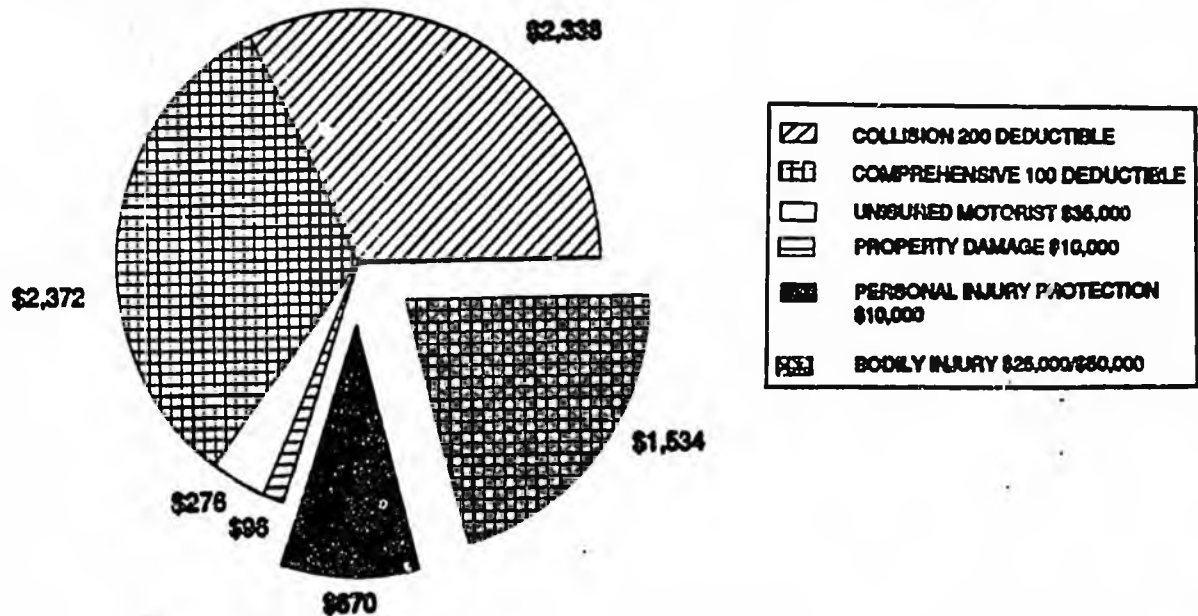
Rising belt use reduces injury, but not property damage, claims costs. Consequently, a 10 percent drop in injury claims costs reduces total claims costs, and presumably insurance prices, by 4 to 5 percent.

Automatic crash protection systems reduce the expected medical claims costs for occupants of the insured vehicle and the expected income loss costs for occupants unrelated to the insured. As Chapter IV describes, many insurers offer a 30 percent discount on PIP or own-medical coverage for vehicles equipped with these systems. Most injury and death claims payments, however, derive from third-party liability claims since lost wages are reimbursed only for these claims. Third-party claims are not reduced when the insured vehicle is equipped with automatic crash protection systems. These claims reductions will appear after enough vehicles have automatic crash protection systems to affect traffic injuries substantially. Until then, discounts for automatic crash protection systems typically will reduce insurance bills for most drivers by 3 to 6 percent (a 30 percent reduction times 10 to 20 percent own-injury).

Figure 1: Price of Auto Insurance Coverages
In Low and High Risk Situations



A. Coverage for a 45-year old married couple with clean driving records who drive a 2-year old station wagon less than 15 miles per day to work from their home in suburban Omaha, Nebraska.



B. Coverage for a single, 23-year old male who has one speeding ticket and drives a 2-year old Japanese sports car more than 15 miles per day to work from his home in central city Philadelphia.

Drivers in tort liability states would receive smaller discounts than drivers in no-fault states, because medical payment coverage in a tort state is a smaller share of a typical insurance bill than PIP coverage in a no-fault state. (For example, in Figure 2 the medical payment slice of the Nebraska driver's pie is smaller than the PIP slice of the Philadelphia pie.) Most of the 27 million drivers insured by State Farm Insurance, the nation's largest auto insurer, would receive discounts of \$9 to \$18 (Insurance Institute, April 1988). Discounts from the ninth largest auto insurer, USAA, typically have been \$15 to \$20 (Insurance Institute, April 1988).

LIABILITY CLAIMS COSTS AND INSURANCE PRICES ARE RISING RAPIDLY

Rapid rises in insurance prices mask somewhat the savings possible from increased belt use. As Figure 2 indicates, liability claims payments have risen dramatically since 1983. In contrast, the annual number of police-reported injuries and the annual payments for physical damage claims were essentially stable during this time period.² In inflation-free dollars, payments per injury rose 13.7 percent per year between 1983 and 1986. Possibly due in part to increased belt use, liability claims costs per injury rose at a slower rate, 5.7 percent in inflation-free dollars, between 1986 and 1987. Accompanying the rise in claims, auto liability insurance prices rose an average of 12 percent per year between 1983 and 1987.

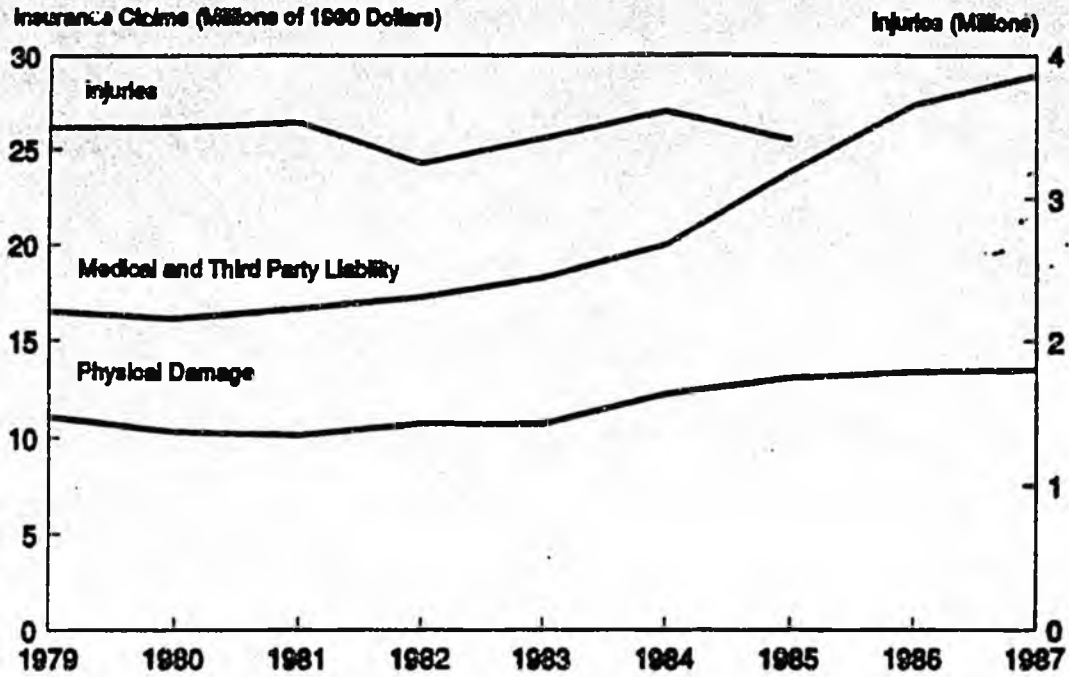
INSURANCE PRICE DETERMINATION IS A COMPLEX PROCESS

A very complex process is used to establish insurance prices. In particular, different states regulate insurers in different ways.

Insurers separate applicants into classes and territories, then use statistical data on losses, tempered by judgment, to determine the price they will offer to each territory-specific class. Auto insurance involves millions of price classes. Because many individual insurers were believed to lack enough data about claims costs to make sound statistical judgment about losses for so many price classes, insurers were permitted to share their claims data (National Commission for the Review of Anti-trust Laws and Procedures, 1979). Insurers in a state pool their loss experiences and are free to base their prices on the pooled experience data. Under the McCarran-Ferguson Act (P.L. 79-15), regulation of this process is delegated to the states (Shapiro et al., 1981).

²Figure 2 is based on the year claims were paid, not incurred. Many injury claims payments lag injury occurrence and physical damage claims payments by a year (Hammit, 1985).

Figure 2. Time Trends in Injuries and Auto Claims Paid



Source: Injuries from NASS, various years; claims from Best's Aggregates and Averages, 1987-88.

Texas and Massachusetts have chosen to analyze the pooled data and set maximum prices. Elsewhere, many insurers subscribe to "rating bureaus" that pool their loss data. The insurers then add an expense factor to the loss data, and possibly adjust it based on their own loss experience, to determine prices. ISO, the largest rating bureau, pools loss data in 44 states and the District of Columbia.

Anyone who has shopped for auto insurance knows that insurers do not all offer the same prices. A few do quote the prices derived directly from analyses by ISO or another rating bureau, but most insurers only use them as a starting place. Based on the loss experience of their insureds, many offer prices that are a bit higher or lower than the rating bureau's across the board or for most classes of applicants. Some offer discounts from these prices for applicants who own cars with superior safety records or special features like automatic crash protection. Some also apply surcharges for those who present extra risk of loss, for example by buying optional large engines or sports cars. Some large companies base their auto insurance prices entirely on their own loss experience. Finally, some insurers specialize in coverage for high-risk drivers and charge correspondingly high prices (GAO, 1979).

State regulations vary in their details, but adhere to the basic principle that insurers have the option of deriving prices from bureau data or using prices they derive from their own loss and expense experience (Shapiro et al., 1981). Most states require insurers to demonstrate that experience justifies their pricing, either approving price changes before they go into use or within 60 days afterwards. A few states exercise minimal control over pricing (National Commission for the Review of Antitrust Laws and Procedures, 1979). Michigan requires public hearings on price increases. Chapter IV provides further information on the practices in different states.

III. IMPACTS OF BELT USE ON INJURY RATES

To control insurance costs requires slowing or reversing the rise in insurance claims payouts. This can be accomplished by reducing the incidence of injuries, and especially of severe injuries. Safety belt use is one of the most effective and least costly ways to reduce the number and severity of crash injuries.

BELT USE HAS A LONG HISTORY

Safety belts were developed in the 1880s to keep people from bouncing off horse-drawn buggies. In 1922, Barney Oldfield's racer became the first belt-equipped car. Effective January 1, 1968, all new cars were required to have lap and shoulder belts for the driver and right front seat passenger and lap belts for all other seating positions. Recent belt systems include improvements such as retracting belt pretensioners and continuous loop design (Johannessen, 1984).

The potential advantages of belts have gone largely unrealized because many people choose not to wear them. The Department of Transportation has attempted to increase use in many ways, most notably through Federal Motor Vehicle Safety Standard (FMVSS) 208. After years of debate and revision, the automatic crash protection amendment to FMVSS 208 now is taking effect and will apply to all Model Year 1990 cars.

In response to FMVSS 208, roughly 13 percent of Model Year 1987 vehicles included automatic belts or airbags, and at least 25 percent will in Model Year 1988. A few manufacturers include automatic belts or airbags on all of their vehicles.

Between December 1984 and April 1988, 34 states and the District of Columbia passed laws mandating belt use by front seat occupants. Figure 3 shows the states that had laws in April 1988. In addition to the current-law states, Massachusetts and Nebraska implemented laws that subsequently were repealed in public referendums, and the Oregon law must be approved by referendum before it becomes effective. Table 1 shows the effective dates of all the laws that have been passed.

Belt laws in force covered 82 percent of the American populace in April 1988. For the most part, the states that still lacked laws were sparsely populated. Figure 4 shows how coverage grew over time.

Figure 3. Map Showing States with Safety Belt Use Laws In Effect in April 1988

Seat Belt Usage Laws

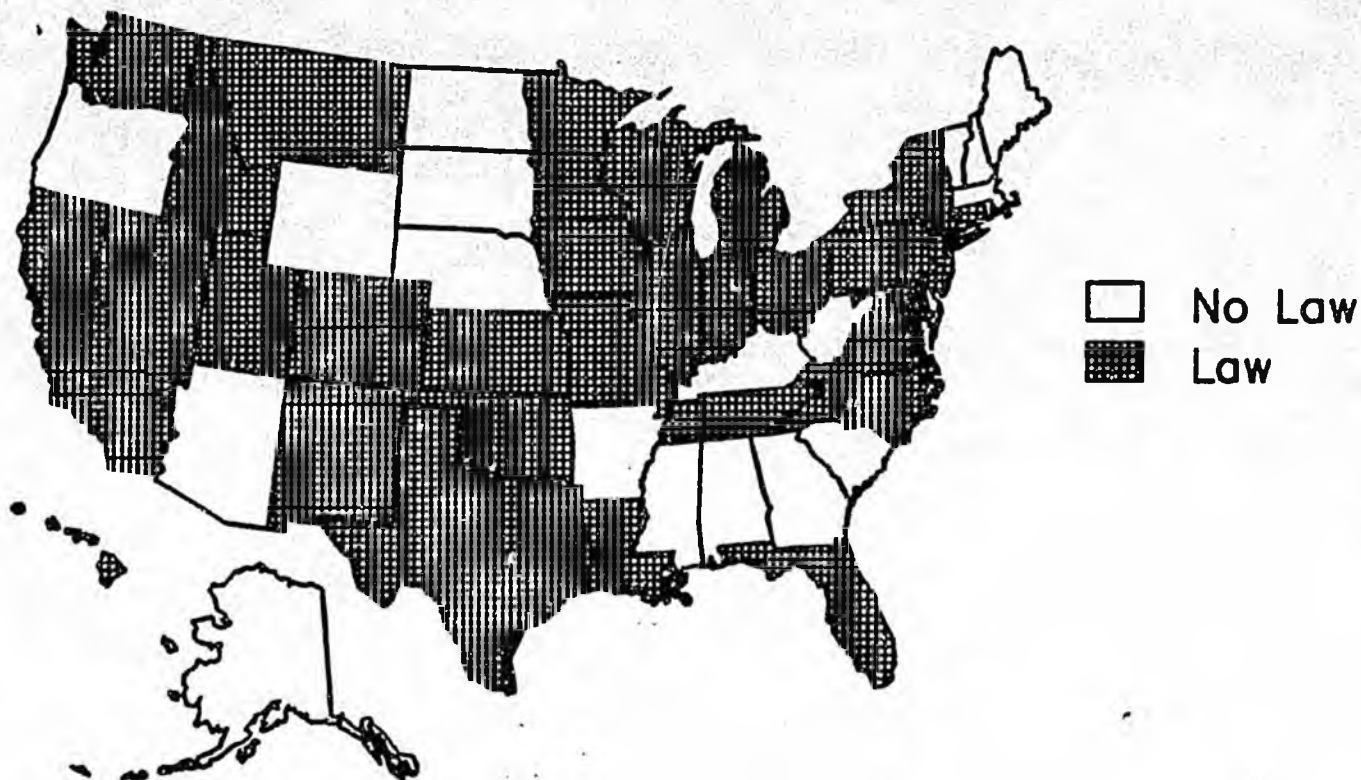
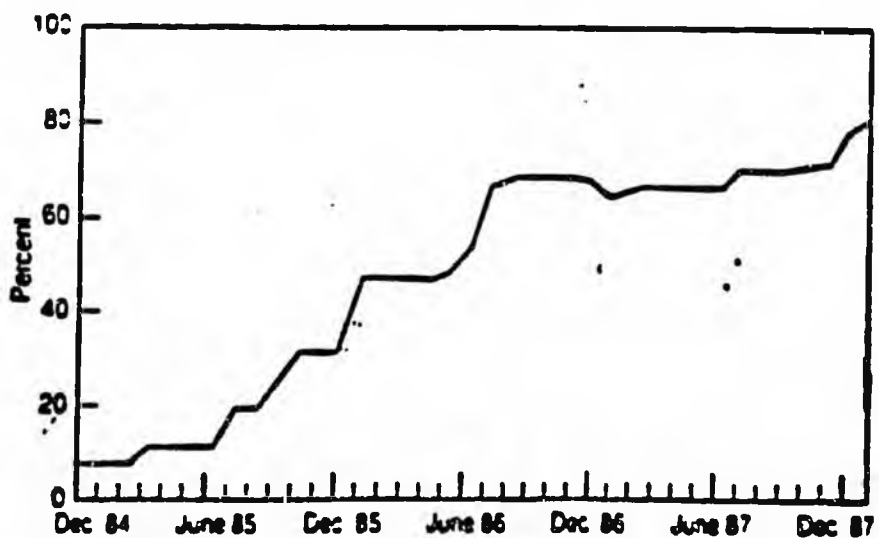


Figure 4. Percentage of Population Covered by Belt Laws, by Month



Source: Insurance Institute for Highway Safety, April 16, 1988

Table 1. Effective Dates of Safety Belt Use Laws and Most Recent Estimates of Belt Usage Rates as of April 1988

<u>State</u>	<u>Effective Date</u>	<u>Percentage Belt Use</u>
California	1/86	49%
Colorado	7/87	47%
Connecticut	1/86	56%
Florida	7/86 (1/87)	50%
Georgia	9/88	
Hawaii	12/85	66%
Idaho	7/86	27%
Illinois	7/85	37%
Indiana	7/87	46%
Iowa	7/86 (1/87)	56%
Kansas	7/86 (7/87)	44%
Louisiana	8/86	35%
Maryland	7/86	66%
Massachusetts	1/86-12/86	24%
Michigan	7/85	48%
Minnesota	8/86 (5/88)	32%
Missouri	9/85 (7/87)	41%
Montana	10/87 (1/88)	57%
Nebraska	9/85-11/86	29%
Nevada	7/87	47%
New Jersey	3/85	41%
New Mexico	1/86	46%
New York	12/84	64%
North Carolina	10/85 (1/87)	65%
Ohio	5/86 (7/86)	42%
Oklahoma	2/87	35%
Oregon	1/89	
Pennsylvania	11/87 (3/88)	
Tennessee	4/86 (1/87)	28%
Texas	9/85 (12/85)	54%
Utah	4/86 (10/86)	22%
Virginia	1/88	
Washington	6/86 (1/87)	52%
Wisconsin	12/87	
Dist. Columbia	12/85 (6/86)	55%

Source: Belt use from NHTSA, March 1988; effective dates from NHTSA, April 1988. Dates in parentheses are dates fines became effective if more than one month after the effective date of the law.

The belt laws and the publicity they stimulated raised belt use from about 15 percent nationally in 1984 to about 48 percent in states with belt laws and about 43 percent overall in 1988. Belt use varies considerably from state to state, and sometimes varies over time within a state. Belt use law states have reported use levels as high as 75 percent. Table 1 gives the most recent, often quite approximate, use levels reported by belt law states. Belt use is reported to be about 65 percent in Hawaii, Maryland, New York, and North Carolina. Most states with belt laws reported belt use between 35 and 55 percent. Even some states without laws now are reporting usage rates above 25 percent.

RISING BELT USE HAS REDUCED INJURIES AND FATALITIES

In 1987 alone, NHTSA estimates that the 25 percentage point rise in national belt use over 1984 levels saved about 1,300 lives and prevented about 16,000 moderate to serious injuries. From December 1984, when New York's first safety belt use law became effective, through the end of 1987, these belt use increases have saved about 2,800 lives and prevented about 33,000 moderate to serious injuries.

Since passage of the safety belt laws, several studies have examined the impacts of rising belt use on injuries. These studies address the percentage change in injuries to front seat occupants, since they are covered by all the laws. FARS and NASS data for the year before the first belt laws went into effect, 1984, show that front seat occupants of cars accounted for 48 percent of all traffic fatalities, 47 percent of serious injuries, and 71 percent of moderate and minor injuries. Front seat occupants of pickups and other light trucks, who also are covered by many belt laws, accounted for roughly another 12 percent of the fatalities and 10 percent of the injuries. These national percentages -- coverage of those experiencing roughly 60 percent of fatalities and 80 percent of moderate injuries -- are consistent with the state data.

Impact on Fatalities. Because the most timely and accurate data indicate the incidence of fatal injuries, most studies only have examined the impact on fatalities to front-seat occupants. The most comprehensive analysis of the impact of belt use on fatalities appears in Campbell et al. (1987). In this study, the number of front-seat fatalities that would have occurred without a belt use law was forecast for states grouped by the length of time since they implemented their laws. The projections considered both the previous fatality trend in the states and the current fatality experience of states without laws. Control groups included: (1) fatalities in the same state among pedestrians, rear-seat occupants, and others not covered by the belt law, and (2) front-seat occupants in states without belt laws.

Overall, belt laws were estimated to have reduced front-seat fatalities by 6.6 percent in states where they were implemented before the end of 1986, about a 2.5 percentage point drop for every 10 percentage point rise in belt use. This estimate masks substantial variation in the reductions achieved in individual states. It also underestimates the ultimate impact of some laws since it includes the partial impact in states that issued only warning tickets during a phase-in period. Furthermore, it is conservative because belt use in non-law states rose, thus reducing fatalities in the control group, possibly by as much as 1 percent.

A second comprehensive study (Skinner and Hoxie, 1988) includes a time-series analysis of fatality trends across states and more detailed analyses in nine large states that implemented belt laws by January 1986. This work is based on fatality data through September 1987. It suggests an average fatality reduction of 11.9 percent in the first three months after a belt law is implemented and 6.3 percent thereafter. This equates to about a 2.1 percentage point drop in fatalities for every 10 percentage point rise in belt use on a continuing basis and an overall 2.5 percent drop for the period studied.

Other noteworthy studies of fatality impacts in 1985 include Partyka (1987), Lund et al. (1986), Wagenaar et al. (1987), and Skinner and Hoxie (1986). As Table 2 indicates, these studies suggest a consistent 2.5 to 3.7 percentage point decrease in front-seat fatalities for each 10 percentage point increase in belt use.

Table 2. Decrease in Front-Seat Fatalities
For a 10 Percentage Point Increase in safety belt Use

<u>Study</u>	<u>Reduction</u>
Campbell (1987)	2.5%
Skinner (1987)	2.1-2.5%
Wagenaar (May 1987)	3.2%
Campbell (1986)	3.7%
Lund (1986)	3.7%
Partyka (1987)	2.6%
Skinner (1986)	2.5%

The consensus on a 2.1 to 3.7 percentage point drop in front-seat fatalities for each 10 percentage point increase in belt use derives from the experience of states that generally were experiencing rises in belt use from a prior level of 15 to 20 percent to new levels from 35 to 65 percent. The rate of change in fatalities with respect to belt usage rate may not be linear. In particular, the rate may rise for very high use levels (for example, 80 percent and above). According to one study, when belt use was about 67 percent in Hawaii during 1986 the remaining unbelted drivers had a fatality rate 3.1 times the rate for the belted drivers (State of Hawaii, 1987).

Impact on Injuries. Estimates of the impact of belt use on injuries generally have been based on the injuries indicated in police reports on crashes. Because injury severity necessarily is coded on a rather crude scale at the scene by officers with minimal medical training, it can be relatively inaccurate, especially with respect to head injuries and internal injuries (Partyka, 1982). Nevertheless, police-reported injuries to front-seat occupants have dropped in states that have implemented belt laws.

The Campbell (1987) study provides time series analyses of the impacts on moderate and severe injuries in New York, North Carolina, and Texas, and on severe injuries in Illinois. The other detailed studies available (Wagenaar, March 1987; Hawaii, 1987) arrive at higher estimates.

Table 3. Decrease in Injuries of Front-Seat Occupants For a 10 Percentage Point Increase in Safety Belt Use

<u>Study</u>	<u>State</u>	<u>Police-Reported Severity</u>	<u>Decrease</u>
Campbell (1987)	New York	K+A+B	1.8%
	North Carolina	K+A+B	2.0%
	Texas	K+A+B	2.0%
	Illinois	K+A	3.0%
Wagenaar (March 1987)	Michigan	K+A+B+C	4.0%
Limm (1987)	Oahu	Hospitalized	4.9%

K = fatality
A = serious injury
B = moderate injury
C = minor injury

As Table 3 shows, at a minimum, a 10 percentage point rise in safety belt use seems to result in a 1.8 to 3 percentage point drop in serious and moderate injuries to front-seat occupants. At the extreme, on Oahu, hospitalizations dropped 4.9 percentage points for each 10 percentage point increase. A complete inventory of crash-related hospitalizations on Oahu showed that those not using belts were 1.8 times more likely to be hospitalized than those who were (Limm, 1987). This impressive statistic was compiled in the first half of 1986, when 74 percent of Oahu drivers were belted.

The studies suggest that a 10 percentage point rise in belt use drops fatalities of front-seat occupants by 2.1 to 3.7 percentage points and moderate and serious injuries by at least 1.8 to 3.0 percentage points. This equates to a drop in overall fatalities by 1.2 to 2.4 percentage points (55 to 65 percent of 2.1 to 3.7 percent) and in moderate and serious injuries by 1.3 to 2.5 percentage points (70 to 85 percent of 1.8 to 3.0 percent).

RISING BELT USE HAS REDUCED INJURY COSTS AND SHOULD REDUCE INSURANCE PRICES

The fatality and injury reductions produced by belt use laws have reduced auto insurance claims by roughly \$1 to 2.5 billion dollars. Other public and private insurers probably saved another \$0.5 to 1.25 billion.

The states with the largest belt usage gains -- about 50 percentage points -- probably have experienced a 6 to 12 percent decrease in fatalities and injuries. The probable result is a 2.4 to 6 percent drop in insurance costs (6 to 12 percent times the 40 to 50 percent of insurance costs that are injury-related). If the cost per auto insurance policy is assumed roughly equal to total premiums (from Wish, 1988) divided by the number of registered vehicles, the average cost reduction per insured vehicle in 1987 was \$11 to \$27 dollars in these states.

Claims costs per injury annually rose 17.5 percent between 1983 and 1986, and 9.7 percent in 1987, according to the data in Chapter II. Annual inflation of 2 to 4 percent in all costs and 6 to 7.5 percent in medical costs (Economic Report, 1988) contributed to the rise in claims costs. Unless the rate of increase in claims costs per injury drops substantially, the reduction in claims costs attributable to rising safety belt use appears likely to slow, but not reverse, the rate of increase in auto insurance prices.

IV. STATE AND INSURANCE INDUSTRY ACTIONS

The insurance industry has examined the linkage between belt use and the price of injury liability coverage. Insurance regulatory agencies in Hawaii, Iowa, Massachusetts, and Texas have analyzed the impacts of rising safety belt use on insurance claims and incorporated this information into their decisions on pricing. The Highway Loss Data Institute, a claims data analysis organization funded by the insurance industry, has examined the impact on injury claims in New York and New Jersey. ISO, the largest rating bureau, has recommended discount factors for vehicles with automatic occupant protection systems. Finally, many auto insurers have offered incentives to encourage belt use.

FOUR STATES HAVE ORDERED PRICE REDUCTIONS

PIP = Personal Injury protection

Hawaii's safety belt law mandated a 10 percent reduction in the price of PIP and medical payments coverages for the first three years after passage, followed by conversion to fully actuarial prices that incorporated the impacts of increased belt usage. The 10 percent figure was based on existing research, with particular weight on the Massachusetts Insurance Division's estimates (Santos, 1988).

Hawaii's Department of Commerce and Consumer Affairs is compiling extensive data on the impacts of rising belt use on injury incidence and claims. Preliminary indications are that the 40 percentage point rise in belt use in the state had even more impact than anticipated, with a 20 percent drop in overall fatalities, a 55 percent drop in fatalities to front-seat passengers, and on the order of a 12.5 percent drop in personal injury protection losses (State of Hawaii, 1988).

Iowa's legislature mandated a reduction in the price of bodily injury liability and medical payment coverage to reflect the expected savings in claims costs (Knapp, 1988). The Insurance Department found that in the first six months of the law, roughly a 30 percentage point rise in belt use was associated with a 4.4 percent drop in bodily injury loss payments made to injured persons by insurers of motorists at fault (1.5 percentage points for each 10 percentage point increase) and a 9 percent drop in medical payments paid to motorists by their own insurers (3 percent for each 10). Some insurers, however, experienced virtually no decrease, and the Department noted the difficulty of separating the impacts of the law from variations in medical costs, crash frequency, and other factors. Based on the available data, the Department ordered a 5 percent price reduction.

The Massachusetts safety belt use law required a reduction in auto insurance prices. The Massachusetts Division of Insurance estimated insurer savings on 1986 claims payouts resulting from the state's belt law. Anticipating a 43 percentage point rise in belt use, it ordered an 11.2 percent reduction in 1987 prices for bodily injury liability, PIP, and uninsured motorist coverages. This is a 2.6 percentage point drop in the price of this coverage for each 10 percentage point increase in belt use; it equates to an average drop of 0.8 percent across all types of coverage (Hosford, 1988). Despite the publicity surrounding this reduction and other belt promotion efforts, belt usage rose only 17 percentage points, less than half the amount anticipated. This low belt law acceptance, together with inadequate education and other factors, resulted in the law's repeal in a late 1986 referendum. Based on the more complete claims experience in 1986, prices for injury coverages were increased by 2.8 percent in 1988 to reflect an expected 10 percentage point decrease in belt use due to repeal of the law (Massachusetts, 1987).

The Division's work was actuarially based. Early New York data, and subsequently Massachusetts data, on the percentage reduction in injuries by severity that resulted from rising belt use were multiplied by the percentage of Massachusetts insurance claims costs attributable to each injury severity. Claims costs for injuries to non-occupants then were incorporated into the analysis (Hosford, 1988).

Though not required by the Texas belt use law, the Texas State Board of Insurance factored the law's impacts into its prices in each of 1986, 1987, and 1988 (Daniel, 1988). The 1986 analysis was based on a formula developed by the Highway Users Federation to predict the effects of safety belt use on injury rates by severity. It led to a 21 percent decrease in price for bodily injury liability, PIP, medical payments, and uninsured motorist coverages. The reduction was decreased to 15 percent in 1987, based on methodology refinements that limited the saving per fatality averted to the mean policy liability limit and applied the expected percentage decrease in injuries to front-seat occupant injuries in covered vehicles rather than all injuries.

When police-reported injury and crash rates became available for the first seven months after the law went into effect, they showed that a 45 percentage point increase in belt use in urban areas and an unknown but probably smaller increase elsewhere had caused an 11.5 percent drop in fatality rates and, the actuarial staff assumed, in injury severity. The Board adjusted prices accordingly, to a level 5 percent below the level suggested by claims incurred in the policy year ending June 30, 1986, when the law was in effect for only seven months (Daniel, 1988). The impact essentially is a 2.6 percent reduction in the price of injury coverage for each 10 percentage point rise in belt use.

Table 4 indicates the percentage decreases in injury rates observed or estimated by the insurance regulatory agencies in states where price changes have been ordered because of rising belt use. The agencies estimate that each 10 percentage point rise in belt use has resulted in a 1.7 to 2.8 percentage point drop in injury claims costs. This range is reasonably consistent with the 1.2 to 2.5 percentage point range suggested by the studies reviewed in Chapter III. It also is consistent with earlier NHTSA projections. In its July 1984 regulatory impact analysis on FMVSS 208, the agency estimated that each 10 percentage point rise in automatic belts would produce a 1.8 percentage point drop in injury claims. Adjusting for the difference in effectiveness between automatic and manual belts, this becomes a 1.9 percentage point drop. An insurance cost saving of \$14 per vehicle insured was projected.

Table 4. Decrease in Injury Claims of Covered Occupants For a 10 Percentage Point Increase in Safety Belt Use

<u>State</u>	<u>SEVERITY OF INJURY</u>		
	<u>Fatal</u>	<u>Fatal or Serious</u>	<u>Any*</u>
Hawaii	5.0%	3.1%	2.5%
Iowa		1.5-3.0%	1.7%
Massachusetts	2.2%	4.0%	2.8%
Texas	2.6%		2.6%
<u>NHTSA Regulatory Analysis</u>			1.9%
<u>Insurance Data Analysis Organizations</u>			
Insurance Services Office (automatic restraint)			3.0%
Highway Loss Data Institute			1.7-3.3%

* Percentage of all injury costs.

In other states, the insurance regulatory agencies generally have not compiled systematic information on the impacts of belt laws on prices. To the extent that insurance is a competitive business, the impact may be reflected in the prices filed by insurers as rising belt use helps to control claims costs.³ The impacts most probably will be comparable to those in Hawaii, Iowa, Massachusetts, and Texas: a 1.7 to 2.8 percent drop in the price of bodily injury liability and medical payments or PIP coverage for each 10 percentage point rise in belt use. The 5 to 12 percent reductions in prices for injury coverage that were achieved in these states reduced overall auto insurance prices by an estimated 2 to 6 percent (5 to 12 percent times 40 to 50 percent injury-related), about \$9 to \$27 per vehicle insured.

A notable relationship exists between the clarity of price reductions related to belt use and the insurance regulatory system in a state. Texas and Massachusetts were able to make central policy because they almost unilaterally set insurance prices. Twenty-seven states, including Hawaii and Iowa, review the actuarial basis for and approve price changes before they are put into use. In their belt use laws, the legislatures in Hawaii and Iowa authorized state regulators to mandate one-time insurance price reductions. Normally, they would not have the authority to impose reductions. The remaining states, which are identified in Table 5, largely allow insurers to decide what prices are appropriate (National Commission for the Review of Antitrust Laws and Procedures, 1979). These states have the strongest tradition of moderate intervention in insurance pricing. None ordered price reductions in response to rising belt use.

³See GAO (1979) or Joskow (1973) for a discussion of the industry's structure.

Table 5. How States Regulate Auto Insurance Price Changes

<u>State</u>	<u>Type of Filing</u>	<u>State</u>	<u>Type of Filing</u>
Alabama	PA	Montana	FU
Alaska	PA	Nebraska	PA
Arizona	UF	Nevada	PA (FU)
Arkansas	FU	New Hampshire	PA
California	NF	New Jersey	PA
Colorado	FU	New Mexico	PA
Connecticut	PA (FU)	New York	PA
Delaware	PA (FU)	North Carolina	PA
Florida	PA (UF)	North Dakota	PA
Georgia	PA (FU)	Ohio	FU
Hawaii	PA (FU)	Oklahoma	PA
Idaho	NF	Oregon	FU
Illinois	UF	Pennsylvania	PA
Indiana	FU	Rhode Island	PA
Iowa	UF	South Carolina	PA
Kansas	PA	South Dakota	PA
Kentucky	FU (UF)	Tennessee	PA
Louisiana	PA	Texas	PA
Maine	FU	Utah	FU (UF)
Maryland	FU	Vermont	FU
Massachusetts	PA	Virginia	FU
Michigan	PAH	Washington	PA
Minnesota	FU	West Virginia	PA
Mississippi	PA	Wisconsin	UF
Missouri	UF	Wyoming	NF
Dist of Columb	PA		

Prior Approval (PA) means that new prices cannot be used until approved by the State Insurance regulatory agency. A 30 day review period generally is allowed.

Prior Approval with Public Hearing (PAH) means that the Commission holds a public hearing before approving the price change request.

File and Use (FU) means that new prices can be used as soon as they are filed with the Commission, although they have to be discontinued if the Commission disapproves of them.

Use and File (UF) means that new prices can be used for a fixed time period, generally 30 days, before they are filed with the Commission, although they have to be discontinued if the Commission disapproves of them.

No File (NF) means that price changes are not filed with or reviewed by the Commission.

Letters in parentheses denote how the system operates as a practical matter when it differs from the nominal legal system.

Source: Systems in use from Parsons (1988); definitions from Shapiro et al. (1981).

INDUSTRY-FUNDED ANALYSES ALSO CONFIRM THE RANGE OF IMPACT

Two analyses by industry-funded organizations that analyze claims data further confirm that the impact on prices of injury-related coverage is likely to lie roughly in the 1.7 to 2.8 percent range for each 10 percentage point increase in belt use. First, the Highway Loss Data Institute, an industry-funded claims data analysis organization, studied 1985 injury claims rates for Model Year 1983-85 cars in New York, New Jersey, and Connecticut prior to and after implementation of the New York and New Jersey safety belt laws (Highway Loss Data Institute, 1986). They found that, relative to the control state, a 35 percentage point increase in belt use in New York was associated with a 6 percent drop in injury claims and an 8 percent drop in injury claims in cases with collision damage also claimed. For New Jersey, the corresponding drops were 8 percent and 6 percent for a 24 percentage point rise in belt use. This equates to a 1.7 to 2.3 percent reduction in claims frequency for each 10 percentage point increase in belt use in New York and a 2.5 to 3.3 percent reduction in New Jersey.

Second, since November 1986, ISO has recommended a 30 percent discount on PIP or own-medical coverage for vehicles equipped with automatic safety belts -- essentially for belt use 100 percent of the time -- or with air bags.

MANY INSURERS OFFER INCENTIVES FOR BELT USE

Insurers that in aggregate write at least 35 percent of all premium volume offer a 30 percent discount on PIP or own-medical coverage for cars with automatic belts. Insurers that write another 20 percent of the market, most notably State Farm and Nationwide, offer or are in the process of filing a 10 percent discount. All of these companies and Allstate, which has almost 9 percent of the market, also match or exceed ISO's recommended 30 percent discount for full front air bags. These discounts are not offered in Texas where the Board of Insurance would not approve them (but moved to do so in mid-1988), or in Massachusetts and North Carolina where insurers chose not to offer them. Table 6 lists the discounts offered by selected major insurers. These discounts generally save drivers about \$5 to \$20.

Rising belt use will lead to a reduction of \$1 to \$2.5 billion in insurance payments. Spreading this saving uniformly across all coverages would reduce injury coverage prices about 5 to 10 percent.

As an alternative approach, incentives for increased belt use may be created by using some of the savings to offer a major reduction in the price of one coverage component or a free add-on coverage. Some insurers now offer such incentives. State Farm and the Farmers Insurance Group, for example, both double their accidental death benefit if a fatally injured person was wearing a belt. USAA adds \$10,000 to the benefits under its own medical payment and PIP coverages for any occupant who is injured or killed while wearing a safety belt, protected by an air bag, or secured in a child seat. Between 1984 and April 1988, USAA paid more than \$1 million in claims under this provision (Insurance Institute, April 1988).

Table 6. Insurer Market Shares and Discounts for Vehicles with Automatic Restraint Systems (Selected Insurers, as of April 1988)

Front Insurer	% of Auto Premiums	PIP or Own-Medical Discount for:		
		Automatic Belts	Driver Air bag	Full Air bag
Aetna Casualty	2.9%	30%	20%	30%
Allstate	8.7%	None	20%	30%
American Family	1.0%	30%	30%	30%
Continental	1.3%	30%	30%	30%
Erie Exchange	0.7%	30%	30%	30%
Farmers Group	4.7%	None	None	None
GEICO	1.6%	30%	30%	30%
Hartford	2.1%	30%	20%	30%
Liberty Mutual	2.5%	30%	20%	30%
Maryland Casualty	0.7%	30%	20%	30%
Nationwide	4.1%	10%	25%	40%
Prudential	0.8%	20%	30%	30%
State Farm	15.1%	10%	20%	30%
Travelers	2.5%	30%	15%	30%
USAA	1.9%	30%	60%	60%
U.S.F. & G.	1.6%	30%	30%	30%
ISO Recommendation		30%	20%	30%

Note: Only insurers with large market shares and a few with medium market shares were surveyed. Some insurers that are not mentioned also offer discounts.

Source: Discounts, Insurance Institute for Highway Safety, October 17, 1987 and April 16, 1988. 1986 Market Share, Wasilewski, 1987.

CASE STUDIES SHOW INCENTIVES OFTEN ARE NOT COSTLY

General Motors and its Motors Insurance Corporation mounted one of the best-known insurance incentive campaigns to encourage belt use. From April 16, 1984 until the end of the 1986 model year, buyers of General Motors cars received a free life insurance policy that paid a \$10,000 death benefit if someone was killed in a crash in the car while belted. The coverage lasted for one year from date of purchase. More than 17 million policies were written in the U.S. and Canada, but less than \$7.5 million dollars in claims costs were incurred -- less than 50 cents per vehicle sold (O'Toole, 1988). By structuring a business-related incentive that could be used as the focus of a major vehicle sales campaign and an insurance sales campaign directed at car buyers, General Motors was able to provide tremendous positive publicity for belts with minimal increase in its normal advertising costs.

USAA, the nation's ninth largest writer of auto insurance and primarily a writer of coverage for military officers, announced the strongest air bag incentive program to date on March 30, 1988 (Insurance Institute, April 1988). Again, the package reflected a business-related commitment to auto safety. USAA offered to pay \$300 to any of its insureds as a bonus for buying or taking a long-term lease on a car equipped with an optional air bag in 1988. This offer actually applies to very few vehicles. As of March 1988, optional airbags were available only on the Ford Tempo, Mercury Topaz, Oldsmobile Delta 88, Volvo 740 GLE, and Porsche 944. They were expected to be available later in the year on the Saab 9000T.

USAA is encouraging manufacturers and dealers to market optional air bags aggressively through a companion dealer incentive program in which USAA pays for the dealer prizes awarded for optional air bag sales. It also added a free \$25,000 death benefit to its life insurance policies, which is paid when an insured is killed in an auto crash while belted in an air bag protected position in a car. And it increased its PIP or own-medical discount for an air bag to 60 percent in all but a few states.⁴

⁴USAA also announced a 5 percent discount on property damage and bodily injury coverages for cars equipped with another new safety device -- anti-lock brakes.

USAA's explanation of its decision to offer a strong program of business-related incentives for buying safety devices is consistent with Congress' concept of an insurance-based belt use incentive scheme and suggests how to encourage this type of action. USAA Chief Executive Robert McDermott announced the policy in a joint press conference with NHTSA Administrator Diane Steed. He stated that it was a direct result of a challenge issued by Transportation Secretary Jim Burnley at a meeting of the Insurance Institute for Highway Safety's Board in December 1987. Burnley told insurance executives that he was "100 percent committed to automatic restraints," but that the insurers were far better positioned "to come up with incentives to encourage car buyers to opt for air bags and other safety devices" (Insurance Institute, April 1988).

Burnley continued his campaign at the press conference. In a written statement, he said:

The insurance industry has long had a lead role in advocating these safety devices and now must take a lead role in making them affordable and desirable in the eyes of the American public. Significant insurance discounts and incentives will make air bags more appealing and underscore your belief in the lifesaving effectiveness of this new safety technology.

The largest auto insurer, State Farm, also began using discounts to encourage greater automatic crash protection purchases in 1988. In announcing its new discount structure for automatic restraint systems, State Farm offered a 40 percent discount for cars equipped with both bags and automatic belts, even though none currently are manufactured. Said a State Farm spokesman, "We hope to drive the market a little and get some out there shortly" (Insurance Institute, April 1988). State Farm also noted that its action was "a gesture of support" for automatic crash protection systems rather than a reflection of loss experience (Yates, 1988).

These case studies and the discount structures listed in Table 6 suggest insurers, and even their largest rating bureau, are using insurance price breaks as incentives rather than just reflections of loss experience. This is especially clear for insurers who offer the same percentage discount for air bags that protect only the driver and ones that protect the full front seat since losses will be somewhat higher if only the driver receives air bag protection. More generally, the incremental advantages of adding automatic crash protection depend on how often belts would have been used if automatic crash protection were not available. Since manual belt use currently varies widely between states, the uniform national discounts for cars with automatic crash protection must not accurately reflect expected loss reductions by most states.

As insurers consider how to return the savings resulting from rising belt use to consumers, they should be encouraged to use a substantial portion to structure business-related incentives. These incentives would both serve as a symbol of the industry's conviction that safety is good business and as an inducement for belt use or other positive safety behavior on the part of customers. Typical business-related incentives are a relatively low-cost coverage offered at a large discount or an impressive-sounding but not overly costly add-on coverage provided for free. The incentives can be used as an advertising tool to sell the company's policies as well as to "sell" the public on safety equipment (automatic belts or airbags) and safety behavior (manual belt use). Marketing budgets and sales forces are generally much larger than loss prevention budgets and staff, so this linkage provides an essential guarantee of high visibility for the incentives.

Insurers can return the savings produced by increased belt use as across-the-board price reductions, or targeted incentives, or some combination. They also should be encouraged to provide extra incentives beyond current savings, or prior to those justified by definitive actuarial data. That's what USAA did for airbags and GM did for belt use. These are highly visible programs, which exemplify how business incentives can promote auto safety.

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V. CONCLUSIONS

Increasing belt use is reducing traffic injuries and auto insurance claims and should slow the growth in insurance prices. It already has done so in a few states and should in more as enough data become available for actuaries to determine the reductions occurring in claims payments. The reductions in both injury rates and auto insurance prices should accelerate as automatic crash protection equipment becomes mandatory. Reductions will be even greater if manual belt use continues to increase.

The insurance claim savings are substantial in the aggregate, but rather small when spread uniformly over all policies.

- o In 1987, the rise in belt use above 1984 levels probably saved private and public insurers \$1.5 to \$3.75 billion dollars. A third of this saving went to health, life, and workers' compensation insurers, however, rather than auto insurers.
- o Injury claims account for 40 to 50 percent of auto insurance claims. Rising belt use probably will reduce injury claims costs by roughly 5 to 12 percent. The \$1 to \$2.5 billion savings to auto insurers, if spread across all injury coverages, would cut typical auto insurance bills by 2 to 6 percent -- about \$9 to \$27 annually per vehicle insured.

The savings produced by rising belt use should be used to promote safety as they are passed on to those insured. One way is to reduce insurance prices directly, either voluntarily or through regulation.

- o Four states reduced insurance prices for injury coverages because belt use laws were implemented. The reductions range from 5 to 12 percent -- a 1.5 to 2.8 percent decrease in cost for each 10 percentage point rise in belt use. The average auto insurance bill in these states also dropped approximately 2 to 6 percent, \$9 to \$27 per vehicle insured.
- | o Except in Texas, an act of the state legislature, like the ones passed in Hawaii, Iowa, and Massachusetts, probably would be needed to allow the insurance commission to dictate when and how insurers should incorporate the impacts of rising belt use into their prices.

- o Auto insurance prices have been rising very rapidly because claims payments per injury have risen at least 7 percent per year since 1979. If this trend continues, a price reduction related to belt use probably would slow, but not reverse, the rise in overall prices. Publicity that rising belt use has reduced insurance prices may not convince consumers who are paying more for insurance.

Case studies suggest that carefully structured marketing tools that emphasize the savings from belt use may be effective incentives for improved occupant protection.

- o USAA, the nation's ninth largest auto insurer, offered to pay a \$300 bonus to policyholders who buy or take long-term leases on cars equipped with optional air bags in 1988, negotiated creation of and helped finance incentive programs to encourage dealers to market air bags aggressively, and added other incentive coverages.
- o From April 16, 1984 until the end of the 1986 model year, General Motors gave buyers of their cars a free life insurance policy that paid a \$10,000 death benefit if someone was killed in a crash in the car while belted.
- o Health, disability, life, and other insurers also will benefit from the injury cost reductions produced by increased belt and air bag system use. They also should consider how they can promote increased use.

Transportation Secretary Jim Burnley has challenged the insurance industry "to come up with incentives to encourage car buyers to opt for air bags and other safety devices." Insurers should respond to the Secretary's challenge with creative, highly visible programs to promote increased occupant protection through advertising and incentives. Such programs are more likely to be effective than small reductions in standard injury coverage prices.

FISCAL NOTE

REQUEST:

Revision Date:	Agency Affected:	Alaska Court System
Title: An act relating to mandatory use of safety devices	BRU:	Trial Courts
Sponsor: Cotton, Ulmer, Zawacki ...	Components:	
Requestor: Finance		

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL						
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REVENUE		\$0-315	\$0-315	\$0-315	\$0-315	\$0-315
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FUNDING: (Thousands of Dollars)

General Funds	0.0	0.0	0.0	0.0	0.0	0.0
Federal Funds						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

See attached analysis.

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Jan Strandberg, General Counsel
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Phone: 284-8228
Date: 03/20/89

Approved by: *Arthur H. Snowden, II*
Arthur H. Snowden, II, Administrative Director
Agency: Alaska Court System

Date: 03/20/89

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management & Budget
Impacted Agency(ies)

ALASKA COURT SYSTEM

Fiscal Analysis

Sen. CS HB 105

Estimated Revenues Derived from Enforcement of Mandatory Seatbelt Usage

COURT	Total FY 88 Traffic Citations	State Issued (1)	Estimated State Traffic Citations	Estimated Seatbelt Use (2)	Estimated Number of Citations Involving Non-Use of Seatbelts
Anchorage	45,524	20% Survey	9,100	35%	5,900
Barrow	527	50% Est.	260	25%	200
Bethel	264	50% Est.	130	25%	100
Cordova	64	50% Est.	30	25%	0
Craig	227	50% Est.	110	25%	100
Delta Junction	319	50% Est.	160	25%	100
Dillingham	72	50% Est.	40	25%	0
Fairbanks	9,995	70% Survey	7,000	35%	4,800
Glennallen	146	50% Est.	70	25%	100
Healy	390	50% Est.	200	25%	200
Homer	1,021	40% Survey	410	25%	300
Juneau	2,221	50% Est.	1,110	25%	800
Kenai	4,891	68% Survey	3,190	25%	2,400
Ketchikan	1,111	50% Est.	560	25%	400
Kodiak	1,812	5% Survey	90	25%	100
Kotzebue	203	50% Est.	100	25%	100
Nome	160	50% Est.	80	25%	100
Palmer	8,186	84% Survey	8,200	25%	3,900
Petersburg	129	50% Est.	60	25%	0
Seward	1,619	36% Survey	580	25%	400
Sitka	1,210	50% Est.	610	25%	500
Tok	291	50% Est.	150	25%	100
Unalaska	206	50% Est.	100	25%	100
Valdez	213	20% Survey	40	25%	0
Wrangell	328	50% Est.	160	25%	100
Other Low Volume	889	50% Est.	440	25%	300
Estimated total number of citations issued where seatbelts are not used					20,900
Maximum fine amount					\$15
Estimated revenue at 100% enforcement at maximum fine (driver only)					\$313,500
Estimated revenue at 75% enforcement at maximum fine (driver only)					235,125
Estimated revenue at 50% enforcement at maximum fine (driver only)					166,750
Estimated revenue at 25% enforcement at maximum fine (driver only)					78,375

Notes:

(1) Survey = Based on survey of courts. (approximate citation distribution)

Est. = Non-surveyed courts citations issued are estimated at 50% all citation received by court.

(2) Based on seatbelt usage survey for Anchorage and Fairbanks. Rest of state, seatbelt usage estimated at 25% of cited drivers.