

2414

HJ

HB 7

299

In Memoriam

* SEAN SINNETT *

The members of the Legislature are deeply saddened at the tragic and untimely death of a young third generation Alaskan, Sean Sinnett of Anchorage.

Sean was a bright and enthusiastic young man, filled with vitality. Born in Anchorage, he was a 1980 graduate of East Anchorage High School. He was goalie for the hockey team in 1980 when it won the State Championship. In more recent years he was an employed member of the Teamsters and an avid hot-air balloonist.

It distresses us greatly to learn of this fine young man's death and the tragic circumstances surrounding it. Accidents involving pedestrians seem so needless and preventable. It should sadden every Alaskan to know of the loss of this promising young citizen and renew in each of us a dedication to do whatever we can to make certain that our highways and streets are made safe not only for drivers, but for pedestrians as well.

We wish to extend to Mr. and Mrs. Robert Sinnett, and to Christopher and Teresa our deepest and most heartfelt condolence. We share your loss. Our thoughts are with you at this most difficult time.

SPEAKER OF THE HOUSE

Alvin C. 3/23

PRESIDENT OF THE SENATE

Date:

Requested by:

Senator Kelly, *Helford, Sturgis*



December 26, 1982

Rep. Romona L. Barnes
P. O. Box 3382 Downtown Stat.
Anchorage, AK 99510

Dear Romona:

My wife and I received your questionnaire in the mail this week and would like to respond to one of our concerns, specifically the Mandatory Auto Insurance. As you will see through the balance of this letter, Linda and I have very adamant thoughts in this regard.

During the month of March 1980, Linda was involved in an automobile accident with another party that did not have any liability insurance for his vehicle. As a matter of fact, he did not have any liability insurance for the three vehicles that he owned at that time. Linda was stopped at a red light and the other party rear ended her totaling out her 1976 Toyota 4-door sedan and causing a three day stay in Providence Hospital. As she was a school teacher on School District business, the Workmen's Compensation picked up her medical bills, not her pain and suffering, and as her vehicle was four years old, there was no collision coverage on her insurance policy, only the liability insurance. The other party was driving a 1954 Chevrolet pick-up truck and he did not have the liability insurance nor Physical Damage. His vehicle was not that badly damaged as he drove it away after the accident and he did not receive injuries.

We consulted an attorney after about two weeks of negotiating with the individual, and found out at a later date, that not only did he not have the Automobile Liability Insurance, but also he did not have any monies to make restitution nor did he want to cooperate with us in any way. We were able to obtain a judgement in court against the individual and now have that in our pocket for whatever it is worth. In the meantime, we are out of the \$3,000 low book for Linda's car and her pain and suffering.

The individual that struck Linda was later given a ticket for negligent collision and his driver's license was revoked by the State of Alaska. Approximately, three months after the accident the

*Pouch 7-502 / Anchorage, Alaska 99510 / (907) 276-5617 (907) 276-5454 / TELEX: 25418
1031 W. Fourth Avenue, Suite 400, Anchorage, Alaska 99501*

BMJF

Rep. Ramona L. Barnes

2

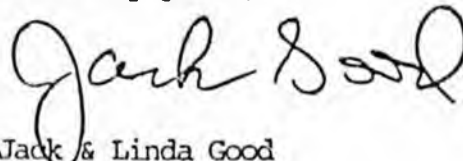
December 20, 1982

individual was picked up by the Anchorage City Policy for driving without a license and was given another \$25 ticket and spend three days in the city jail. We know, and have seen, the individual driving about Anchorage many, many times and he still does not have a valid drivers license. Of course this revoked driver's license situation does not mean anything to an individual of this caliber. Therefore, we have a law that says that basically an individual must have minimum automobile liability limits or prove that he is financially responsible for those limits and if he does neither of those he will receive a \$25 ticket and lose his license. It seems to me that the spirit of the law is well taken, however, the penalty means little or nothing. As a possible solution, I would suggest that the penalty be elevated to say thirty to sixty days mandatory jail sentence for the above situation or mandatory insurance be purchased before license plates or renewal license plates would be distributed. Several states in the lower 48 now have a law that license plates renewal will not be granted without proof of Automobile Liability Insurance and if the insurance is cancelled during the year that the license plates are removed by authorities from the vehicle. Driving without license plates on the vehicle would cause the impounding of the vehicle until the situation is remedied.

I have suggested the above solutions to such people as Dick Randolph and jokingly have been accused of trying to push for another insurance sail, as I am in the insurance brokerage business through Bayly, Martin & Fay of Alaska. Indeed, this is not the case as my specialty is Aviation Liability Insurance, and I would go so far as to say that State Farm and Alstate Insurance write 90% of the automobile insurance in the state of Alaska. Therefore, I am not trying to line my own pockets with Mandatory Auto Insurance.

I sincerely hope that you are able to provide the State of Alaska with your guidance on this subject matter and if you should have any questions or comments, please do not hesitate to call on us.

Sincerely yours,



Jack & Linda Good
4926 Lunar Dr.
Anchorage, AK 99504
337-5816

RONALD T. WEST, ATTORNEY AT LAW

600 W 4TH, STE 21

ANCHORAGE, ALASKA 99501

*File
HB-7*

TELEPHONE
15071278-0742

March 8, 1983

*ya
3-13*

MAR 11 RECD

The Honorable Ramona Barnes
House Judiciary Committee
Pouch V
Juneau, Alaska 99801

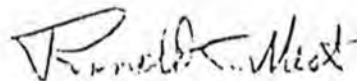
Dear Ramona:

Thank you for your letter of the 28th wherein you indicated that you were filing House Bill No. 7, regarding automobile insurance as a condition to register and operate a motor vehicle.

The bill seems to me to be well drafted and to cover every eventuality including the cancellation of insurance as soon as a vehicle is registered. However, one concern I have with the bill concerns its political chances and my suggestion is that you will run into some opposition from representatives of communities which are not tied into the State Highway system or Juneau.

The reason I state this is that in my travels to some bush communities which have roads of a few miles or 15 or 20 miles, I have noted that the vehicles are not licensed, titled or registered and that all manner of people drive them, some with licenses and some without. In my opinion, this is probably a reasonable working relationship because there are so few vehicles. The logic does not work, however, with respect to communities that are inter-connected by the highway system and/or the marine highway system. Perhaps some rider could be put on which would cover this. I think the goal of the bill is excellent and if there is anything I can do to assist in its passage, please advise.

Very truly yours,



Ronald T. West
Attorney at Law

RTW:me

Car insurance is a necessity

By KENT LEE WOODMAN

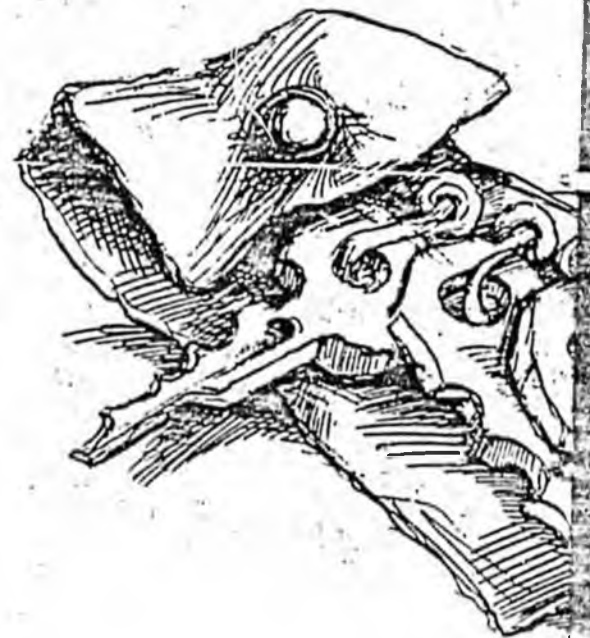
Last year in Juneau I stopped to pay my respects at Rep. Anderson's office. Previously I had correspondence with him on the subject of mandatory auto liability insurance. Rep. Anderson had draft copies of bills to require a minimum level of public liability for all auto operators and for state vehicle inspections and stickers. Neither bill was going anywhere.

Now I recognize that many folks come up here to escape the bureaucracy they had to live with in the South 48, but coming up here and abandoning all responsibility is not finding freedom, it is running from it. I once had freedom defined to me, as the freedom to take on the responsibilities you choose. We should be responsible enough to be certain that our affairs are in order to the point where we can pay for injury and damage to others for our actions. This is normally done by insurance on home and auto. We should be responsible enough to only take motor vehicles on the road which comply with the law and give everyone else a "fighting chance" to live... we should do these things, but many of us do not.

As an individual and as a business owner, both with adequate insurance, I am sick to my stomach when time after time one of my vehicles gets hit and the other driver has no insurance, no regular job, no cash reserves and often no license or registration.

We had one of our brand new Datsun diesel pickups smashed out from under my partner by a driver who had no insurance, no license, was drunk as a skunk, and who now lives in the Matanuska Valley where he gold mines and refuses to come to the phone or accept a certified letter. Our insurance paid the major portions, and we paid the \$500 deductible. Our insurance carrier is "attempting to recover" both the funds they advanced and the deductible, but who knows when and if that will ever happen?

Recently our new Mazda service diesel was ripped open from end to end by a guy in a Chevy pickup with no insurance, no license, no registration. Same deal again, and another \$2,800-plus.



Daily we all see the death-on-wheels that some folks push on to the public highways; no bumpers, broken windshields, missing lights, lights aimed up in your face, no defrosters, ice covered windows and drivers peering out through a postage-stamp sized hole, no brake lights, no turn indicators, bald tires in winter and summer and the whole works.

Estimates have been made that over 60 percent of the driving public in Alaska is not insured. That means that all the premiums required to cover all the accidents and injuries are paid by fewer than half of us who do have the responsibility to have coverage. What's fair about that? Maybe we should cancel as well and let the rest of the world try to pry money out of us if we cause an accident.

I know that there will be some who will cry, "but what about the folks who cannot afford the insurance, cannot afford to keep

forum

nary responsibility for all



“If folks cannot, or will not, develop that sort of old-fashioned responsibility, then I am afraid we must legislate it.”

their vehicles up to a safe standard?”

My answer may appear a tad cold on the surface, but think about it: perhaps they should not drive! There is the People Mover Bus system now, the third such system since I've been here and this one is working! There are special concessions made to car-poolers. Remember, the courts have long held that driving an automobile on the public highways is a *privilege, not a right*. When you take your ton of steel out there and aim it at folks, you are supposed to have your act together. If you do not, keep off the track.

You're not supposed to fly airplanes without licenses and medical. You're not supposed to conduct brain surgery or practice law without certain certificates. Why, then, should folks be allowed to go out there and cause more property damage and death each year than all the wars we've ever been in, on the public highway with no such responsibility? If

folks cannot, or will not, develop that sort of old-fashioned responsibility, then I am afraid we must legislate it.

It's a manageable program. It's a bill that already has been written once, and there are comment sheets to get it on track. We have seen recently an ordinance that lets the police pick up vehicles driven by drunks; why not the same for those who drive when their licenses have been revoked, those who drive with no public liability and those who drive vehicles with 20 or 30 write-ups?

I recognize that the mandatory vehicle inspection system offers opportunity either for heavier bureaucracy or graft, but it can be made to work . . . Hawaii and Texas do it with ease. Sure we have difficulties in the Bush, and making the same rules apply there and here in town, but they can be worked out certainly.

Kent Lee Woodman is a 25-year resident of Anchorage, a licensed insurance agent, a small business owner, pilot and regional representative for the Aircraft Owners and Pilots Association.

Alaska State Legislature



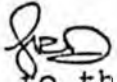
Speaker of the House of Representatives

Pouch V
State Capitol
Juneau, Alaska 99811
(907) 465-3720

Official Business

April 11, 1983

To: House Labor and Commerce Committee

From: Jeff Day 
Assistant to the Speaker

Re: Fiscal Note for Department of Public Safety on SSHB 7

There are several misconceptions made in the fiscal note provided for SSHB 7 that this office wishes to respond to. Additionally it is felt, the fiscal note is not an accurate reflection the result of the legislation but, rather, is intended to discourage passage of the bill.

1. This is virtually the same fiscal note that was produced for the original HB 7 despite the fact that numerous changes and revisions were made in the sponsor substitute with a desire of lowering the proposed fiscal impact. It is felt that the changes in SSHB 7 were not taken into consideration in preparation of this fiscal note.
2. The fiscal note assumes an effective date of July 1, 1983. In fact the bill proposes an effective date of July 1, 1984 in order to give the Department sufficient time to prepare to implement this legislation. The fiscal impact in FY 84 should be minimal. This note does not reflect that fact.
3. The fiscal note states that every car stopped in which the driver could not provide proof of insurance would have to be impounded. That is not the case. The legislation gives discretion to a peace officer to impound a car on the spot. It does not mandate impoundment at that time. In fact a provision has been provided to issue a citation which is believed will be the usual course of action in such cases. Impoundment on the spot would only be likely if a peace officer knows he is dealing with a repeat offender or some similar case.
The fiscal note reflects the desire for three state troopers to enforce the impoundment procedures which it feels are mandated. Since the bill does not mandate impoundment, it is felt these troopers are not needed for this activity. This cost should be eliminated from the fiscal note.

It must also be noted that the request for the three troopers includes 25 hours overtime in their proposed salaries without justification from the Department.

The fiscal note assumes a compliance unit of 9 persons will be required all based in Anchorage. If all are based in Anchorage, it is stipulated there must be more space made available. Why must all nine employees be based in Anchorage?

In the justification sections for the Clerk positions there are some misleading statements. The simple check for license and registration with regard to liability insurance should not be a "highly specialized" function as the fiscal note assumes. Micro film and computer technology should make this a relatively simple task along with the resulting form paper work. It is agreed that accuracy will be essential, but the qualifications and justification for this level of clerk service are overstated.

The fiscal note assumes that 10% will try to circumvent the law. While the ten per cent figure may be legitimate, it must be pointed out that some states have stated that only 5% try to circumvent the law. In any case, the legislation does not direct DMV to search all their records and find those who are trying to slip through the cracks. It only directs DMV to take action on those that come to its attention through notification by insurance companies. The assumption must also be made that this law will provide an incentive for many uninsured drivers to get insurance, provide proof to DMV at the time of registration or license renewal or the registration simply will not be renewed. There is no intent for DMV to initiate investigations into non insured motorists unless there is a clear action in which a motorist cancels a policy.

The justification for a clerk V position is questionable. These duties could be carried out by the unit supervisor or by one of the other four clerk positions.

In summary, the fiscal note reflects a cost that is similar to programs enacted in other states but which deal with many more vehicles than the number registered in Alaska. There are several wrong or misleading assumptions that have created what is felt to be an inflated fiscal note. These areas should be re-examined and the department should be urged to read the sponsor substitute and understand it to a better degree for preparation of a revised fiscal note.

Alaska State Legislature



Speaker of the House of Representatives

Pouch V
State Capitol
Juneau, Alaska 99811
(907) 465-3720

Official Business

April 18, 1983

The Honorable Walt Furnace
Chairman
House Labor and Commerce Committee
Pouch V
Juneau, Alaska 99811

Re: SSHB 7/ Reply to letter by Michael Thomas

Dear Representative Furnace:

You have received a letter from Michael Thomas who represents the American Insurance Association. He list a number of reasons why this legislation should not be enacted. I wish to offer the following arguments for enactment of the legislation.

First, the insurance industry in general has opposed compulsory insurance, yet it has been enacted in about 2 dozen states. While it has been repealed in a couple and amended in some states, the fact remains...THE MAJORITY OF THOSE STATES WHICH HAVE TRIED THIS APPROACH HAVE KEPT IT. If such laws are so ineffective as the industry would want you to believe, why have most of the states retained these laws?

The arguments say that no law has proved completely effective in accomplishing a 100% insured motoring population. We do not expect 100% compliance. We do expect two accomplishments. It is believed that more people will buy insurance. If we can achieve even 90% compliance, that is a significant improvement over current estimates. Some states have achieved an even higher insured percentage. Two, the bill provides strong disincentives to drive while not insured. It is believed that the possibility of severe penalties will keep a significant portion of uninsured drivers off the road rather than risking loss of driving priveleges or a motor vehicle. The bill is not aimed solely at mandating compliance. It also seeks to provide an incentive for to find alternate transportation for the uninsured.

Rep. Walt Furnace
April 18, 1983
Page 2

The letter says that North Carolina has had problems achieving successful results with its law and "has still left many vehicles uninsured." However, in statistics obtained in 1981 it was learned that the prediction was that only 5% evaded the system and were uninsured. And of the accidents occurring in state involving in state drivers, less than one half of one per cent were found to be uninsured. In Alaska, a survey of accidents showed in 1970 and 1981 that about 20% of those people involved in accidents were uninsured. This points out that the North Carolina law has worked and I believe, if we could achieve their success rate, the legislation would have to be considered a success.

Two points need to be made. The letter from the insurance industry is misleading and vague. If there are inaccuracies in this one section, I submit that same vagueness likely persists throughout the letter. Insurance industry publications on this subject argue very effectively but in a very vague manner.

The letter also infers that compulsory insurance doesn't work because states still mandate the offering of uninsured insurance. First, you must realize uninsured or underinsured insurance is not required by any driver. It can be waived by the insured. But its offering allows a person to take ALL precautions to protect himself.

The letter infers that this law would be easy to avoid and that a motorist will cancel insurance the day after he buys it to comply with the law. While it is recognized a small hard core percentage might do this, once again there are disincentives in the bill that will make people really think about taking the chance of getting caught without insurance. I don't believe there is another state which has proposed as severe penalties as this legislation seeks to do for non compliance. There has not been serious objection to the notification requirements placed on insurance companies by this legislation at this point. North Carolina has reported reduced cost and administrative burden by requiring notification by insurance companies of cancellation only within the first six months of policy issuance. This is what our bill proposes to require.

Nobody is assuming the law will cost nothing to enforce. It will take efficient enforcement and a substantial amount of money. It is not believed it will require what Dept. of Public Safety is asking for in a fiscal note.

Representative Walt Furnace
April 18, 1983
Page 3

The bill also infers that premiums will rise dramatically if this program is adopted. First it is obvious premiums will rise if higher minimum liability limits are adopted. The desire to raise the limits may be a bargaining item even though it is not believed rates will increase as substantially as proposed. Whether there may be an increase in premiums simply as a result of mandatory insurance is subject to debate. The removal of the higher minimum limits negates much of the letter's argument, however.

The letter says that study of alternatives has not been undertaken on how to improve current law. A substantial directive has been received from the public for mandatory insurance. The public wants action now..not a study.

Conclusion

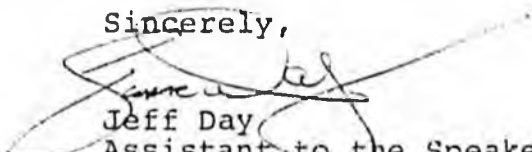
No one has ever assumed enactment of this legislation will result in a 100% insured motoring public. But results from other states have shown similar laws do increase the number of insured drivers. A combination of mandatory liability insurance and the offering of uninsured and underinsured insurance coupled with retention of the current financial responsibility law is the most effective way to close loopholes and protect the public.

Other states have encountered problems with the law, but most states that have enacted the law HAVE KEPT IT. Obviously, something beneficial is happening. It is realized there will likely be amendments to this law in the future if adopted. But it is a good starting point. Efforts have been taken to choose the better parts of legislation from many states so that it is effective and cost efficient.

The insurance industry has a very well financed lobbying effort to ward off these laws when the crop up around the nation. I caution the committee not to be misled by vague facts or misrepresentations in statement. I believe the public has expressed an interest in this legislation and it is the responsibility of the Legislature to represent the public..not the insurance industry.

This office remains open to work with others seriously concerned with addressing this public concern.

Sincerely,


Jeff Day
Assistant to the Speaker

MOTOR VEHICLE SAFETY RESPONSIBILITY ACT

HEADINGS TITLE 28.

Motor Vehicles.

CHAPTER 20.

Motor Vehicle Safety Responsibility Act.

DECLARATION OF PURPOSE.

The legislature is concerned over the rising toll of motor vehicles accidents and the suffering and loss inflicted by them. The legislature determines that it is a matter of grave concern that motorists be financially responsible for their negligent acts so that innocent victims of motor vehicle accidents may be recompensed for the injury and financial loss inflicted upon them. The legislature finds and declares that the public interest can best be served by the requirements that the operator of a motor vehicle involved in an accident respond for damages and show proof of financial ability to respond for damages in future accidents as a prerequisite to his exercise of the privilege of operating a motor vehicle in the state.

HISTORY (Sec. 2 ch 163 SLA 1959)

Sec. 28.20.020.

ADMINISTRATION.

(a) The department shall administer and enforce this chapter and may adopt rules and regulations necessary for its administration.

(b) The department shall receive and consider any pertinent information upon request of persons aggrieved by its orders or acts under this chapter.

(c) The department shall prescribe and provide suitable forms requisite or considered necessary to carry out this chapter.

HISTORY (Sec. 4 ch 163 SLA 1959)

Sec. 28.20.030.

COURT REVIEW.

Repealed by sec. 4 ch 140 SLA 1977.

Sec. 28.20.040.

DEPARTMENT TO FURNISH OPERATING RECORD.

Repealed by sec. 20 ch 241 SLA 1976.

Sec. 28.20.050.

APPLICATION OF CHAPTER.

(a) The provisions of this chapter requiring deposit of security and suspension for failure to deposit security apply to the driver and owner of a vehicle subject to registration under the laws of this state which is involved in any manner in an accident in this state resulting in bodily injury to or death of a person or damage to the property of any one person exceeding \$500.

(b) Not less than 20 days after receipt of a report of such accident, the department shall determine the amount of security which it considers sufficient to satisfy any judgments for damages resulting from the accident which may be recovered against each driver or owner. The determination shall not be made with respect to a driver or owner who is exempt from the requirements as to security and suspension.

(c) The department shall determine the amount of security deposit required upon the basis of the reports or other information submitted. If a person involved in an accident as described in this chapter fails to make a report or submit information indicating the extent of his injuries or the damage to his property within 30 days after the accident, and the department does not have sufficient information on which to base an evaluation of injuries or damage, then the department after reasonable notice to the person, if it is possible to give notice, otherwise without notice, shall not require a deposit of security for the benefit or protection of the person.

(d) Within 30 days after receipt of report of an accident and upon determining the amount of security to be required of any person involved in the accident or to be required of the owner of any vehicle involved in the accident, the department shall give to every person written notice of the amount of security required to be deposited by him and stating that an order of suspension will be made upon the expiration of 10 days after the notice is sent unless within that time security is deposited as required. No license may be suspended unless the licensee is afforded a hearing by the department at which it is determined that there is a reasonable possibility of a judgment being rendered holding him liable.

(e) A peace officer investigating an accident that results in bodily injury to or the death of a person or damage to the property of a person exceeding \$500 shall inform persons involved in the accident in writing of the requirements of this chapter as they apply to suspension of an operator's license or driving privileges.

HISTORY (Sec. 7 ch 163 SLA 1959; am sec. 1 ch 127 SLA 1972; am sec. 11 ch 144 SLA 1977; am sec. 3 ch 78 SLA 1982)

Sec. 28.20.060.

EXCEPTIONS TO REQUIREMENT OF SECURITY.

The requirements as to security and suspension in this chapter do not apply to

(1) the driver or owner if the owner had in effect at the time of the accident an automobile liability policy or bond with respect to the vehicle involved in the accident, except that a driver is not exempt if at the time of the accident the vehicle was operated without the owner's express or implied permission;

(2) the driver who is not the owner if there was in effect at the time of the accident an automobile liability policy or bond with respect to his driving of vehicles not owned by him;

(3) a driver or owner whose liability for damages resulting from the accident is, in the judgment of the department, covered by another form of liability insurance policy or bond;

(4) a person qualifying as a self-insurer under sec. 400 of this chapter or to a person operating a vehicle for a self-insurer;

(5) the driver or owner of a vehicle involved in an accident in which no injury or damage was caused to the person or property of anyone other than the driver or owner;

(6) the driver or owner of a vehicle which at the time of the accident was parked, unless the vehicle was parked at a place where parking was at the time of the accident prohibited by a law or ordinance;

(7) the owner of a vehicle if at the time of the accident the vehicle was operated without his express or implied permission or was parked by a person operating the vehicle without the permission;

(8) the owner of a vehicle or the driver of a vehicle operating it with permission if at the time of the accident the vehicle was owned or leased to the United States, this state or a political subdivision of this state or a municipality of the state; or

(9) the driver or the owner of a vehicle if at the time of the accident the vehicle was operated by or under the direction of a police officer who, in the performance of his duties, assumed custody of the vehicle.

Sec. 28.20.070.

REQUIREMENTS AS TO POLICY OR BOND.

(a) No policy or bond is effective under sec. 60 of this chapter unless it is issued by an insurance company or surety company authorized to do business in this state, except as provided in (b) of this section, and if the accident resulted in bodily injury or death, unless the policy or bond is subject to a limit, exclusive of interest and costs, of not less than \$25,000 because of bodily injury to or death of one person in any one accident and, subject to the same limit for one person, to a limit of not less than \$50,000 because of bodily injury to or death of two or more persons in any one accident, and if the accident has resulted in injury to, or destruction of, property to a limit of not less than \$10,000 because of injury to or destruction of property of others in any one accident.

(b) No policy or bond is effective under sec. 60 of this chapter with respect to a vehicle not registered in this state or a vehicle which was registered in another jurisdiction at the effective date of the policy or bond or the most recent renewal of it, unless the insurance or surety company issuing the policy or bond is authorized to do business in this state, or if the company is not authorized to do business in this state, unless it executes a power of attorney authorizing the director of the division of insurance to accept service on its behalf of notice or process in an action upon the policy or bond arising out of the accident.

(c) The department may rely upon the information in an accident report as to the existence of insurance or a bond unless the department has reason to believe that the information is erroneous.

HISTORY (Sec. 9 ch 163 SLA 1959; am sec. 1 ch 146 SLA 1966; am sec. 1 ch 20 SLA 1975; am sec. 12 ch 144 SLA 1977)

Sec. 28.20.080.

FORM AND AMOUNT OF SECURITY.

(a) The security required by this chapter shall be in the form and amount the department requires, but in no case in excess of the limits specified in sec. 70 of this chapter for the acceptable limits of a policy or bond.

(b) Every depositor of security shall designate in writing the person in whose name the deposit is made and may at any time change the designation, but a single deposit of security applies only on behalf of a person required to furnish security because of the same accident.

HISTORY (Sec. 10 ch 163 SLA 1959)

Sec. 28.20.090.

SUSPENSION FOR FAILURE TO DEPOSIT SECURITY.

(a) If a person required to deposit security under this chapter fails to deposit security within 10 days after the department sends notice, the department shall suspend

- (1) the license of each driver involved in the accident;
- (2) the privilege of operating a vehicle subject to registration if the driver is a nonresident;
- (3) the privilege of the owner to operate or permit the operation within this state of a vehicle subject to registration if the owner is a nonresident.

(b) Suspensions shall be made in respect to persons required by the department to deposit security who fail to deposit such security, except as otherwise provided under succeeding sections of this chapter.

HISTORY (Sec. 11 ch 163 SLA 1959) CITATION

Sec. 28.20.100.

RELEASE FROM LIABILITY.

(a) A person is relieved from the requirement for deposit of security for the benefit or protection of another person injured or damaged in the accident if he is released from liability by the other person.

(b) A covenant not to sue relieves the parties to it as to each other from the security requirements of this chapter.

(c) If the department evaluates the injuries or damage to a minor in an amount not more than \$500, the department may accept, for the purposes of this chapter only, evidence of a release from liability executed by a natural or legal guardian on behalf of the minor without court approval.

HISTORY (Sec. 12 ch 163 SLA 1959; am sec. 13 ch 144 SLA 1977)

Sec. 28.20.110.

ADJUDICATION OF NONLIABILITY.

A person is relieved from the requirement for deposit of security for a claim for injury or damage arising out of the accident if the person is finally adjudicated not to be liable for the claim. HISTORY (Sec. 13 ch 163 SLA 1959)

HISTORY (Sec. 14 ch 163 SLA 1959; am sec. 4 ch 78 SLA 1982)

Sec. 28.20.120.

AGREEMENTS FOR PAYMENT OF DAMAGES

(a) Two or more persons involved in or affected by an accident as described in AS 28.20.050 may at any time enter into a written agreement for the payment of an agreed amount with respect to their claims because of bodily injury, death, or property damage arising from the accident. The agreement may provide for payment in installments. The parties may file a signed copy of the agreement with the department.

(b) If proof of financial responsibility is provided and to the extent provided by the written agreement filed with it, the department shall not require the deposit of security and shall terminate a previous order of suspension, or if security was deposited, the department shall immediately return the security to the depositor or his personal representative.

(c) If there is a default in a payment under the agreement upon notice of default the department shall take action suspending the license of the person in default as is appropriate in case of failure of the person to deposit security when required under this chapter. (d) The suspension remains in effect and the license may not be restored until

(1) security is deposited as required under this chapter in the amount the department determines; or

(2) when, following default and suspension, the person in default pays the balance of the agreed amount; or

(3) one year elapses following the effective date of the suspension and evidence satisfactory to the department is filed with it that during the period no action at law upon the agreement is pending.

Sec. 28.20.130.

PAYMENT UPON JUDGMENT.

The payment of a judgment arising out of an accident, or the payment upon judgment of an amount equal to the maximum amount which could be required for deposit under this chapter, for the purposes of this chapter, releases the judgment debtor from the liability evidenced by the judgment. HISTORY (Sec. 15 ch 163 SLA 1959; am sec. 12 ch 2 SLA 1964)

Sec. 28.20.140.

TERMINATION OF SECURITY AGREEMENT

If satisfied as to the existence of a fact which under secs. 100 - 130 of this chapter entitles a person to be relieved from the security requirements, the department shall not require the deposit of security and shall terminate a previous order of suspension in respect to the person, and shall immediately return the deposit to the person or his personal representative. HISTORY (Sec. 16 ch 163 SLA 1959)

Sec. 28.20.150.

DURATION OF SUSPENSION.

(a) Unless a suspension is terminated under other provisions of this chapter, an order of suspension by the department remains in effect until terminated and no license may be renewed or issued to a person whose license is suspended until proof of financial responsibility for the future is provided and

(1) the person deposits or there is deposited on his behalf the security required under this chapter; or

(2) three years elapse following the date of suspension.

(b) Repealed by sec. 9 ch 78 SLA 1982.

HISTORY (Sec. 17 ch 163 SLA 1959; am secs. 5, 9 ch 78 SLA 1982)

Sec. 28.20.160.

APPLICATION TO NONRESIDENTS, UNLICENSED DRIVERS, UNREGISTERED VEHICLES AND ACCIDENTS IN OTHER STATES.

(a) If a driver or owner of a vehicle subject to registration under the laws of this state involved in an accident in this state does not have a license or registration in this state, then the driver may not be licensed, nor may the owner register a vehicle in this state until he complies with the requirements of this chapter to the extent necessary if, at the time of the accident, he had held a license or been the owner of a vehicle registered in this state.

(b) When a nonresident's operating privilege is suspended under sec. 90 of this chapter the department shall send a certified copy of the record of the action to the official in charge of the issuance of licenses and registration certificates in the state in which the nonresident resides, if the law of the other state provides for action similar to that provided for in (c) of this section.

(c) Upon receiving certification that the operating privilege of a resident of this state has been suspended or revoked in another state under a law providing for its suspension or revocation for failure to deposit security for the payment of judgments arising out of an accident under circumstances which would require the department to suspend a nonresident's operating privilege if the accident had occurred in this state, the department shall suspend the license of the resident. The suspension continues until the resident furnishes evidence of his compliance with the law of the other state relating to the deposit of security.

HISTORY (Sec. 18 ch 163 SLA 1959)

Sec. 28.20.170.

AUTHORITY OF DEPARTMENT TO DECREASE AMOUNT OF SECURITY.

The department may reduce the amount of security ordered within six months after the date of the accident if in its judgment the amount is excessive. If the security originally ordered is on deposit, the excess deposit over the reduced amount ordered shall be returned immediately to the depositor or his personal representative. HISTORY (Sec. 19 ch 163 SLA 1959)

Sec. 28.20.180.

CORRECTION OF ACTION OF DEPARTMENT. If the department takes action or fails to take action under this chapter due to erroneous information or no information, upon receiving correct information within one year after the date of an accident the department shall take appropriate action to carry out the purposes and effect of this chapter. However, this section does not require the department to re-evaluate the amount of a deposit required. HISTORY (Sec. 20 ch 163 SLA 1959)

Sec. 28.20.190.

CUSTODY OF SECURITY. The department shall place security deposited with it in the custody of the Department of Revenue. HISTORY (Sec. 21 ch 163 SLA 1959)

Sec. 28.20.200.

DISPOSITION OF SECURITY.

(a) The security deposited is available only for

(1) the payment of a settlement agreement covering a claim arising out of the accident upon instruction of the person who made the deposit, or

(2) the payment of a judgment given against the person required to make the deposit for damages arising out of the accident in an action at law begun not later than one year after the deposit of security, or within one year after the date of deposit of security following failure to make payments under an agreement to pay.

(b) Every distribution of funds from a security deposit is subject to the limits of the department's evaluation on behalf of a claimant. HISTORY (Sec. 22 ch 163 SLA 1959)

Sec. 28.20.210.

RETURN OF DEPOSIT.

(a) Upon the expiration of two years from the date of deposit of security, the security remaining on deposit shall be returned to the person who made the deposit or his personal representative if an affidavit or other evidence satisfactory to the department is filed with it showing that

(1) no action for damages arising out of the accident for which deposit was made is pending against the person on whose behalf the deposit was made, and

(2) there does not exist any unpaid judgment against the person in an action.

(b) This section does not limit the return of a deposit of security under any other provision of this chapter authorizing return. HISTORY (Sec. 23 ch 163 SLA 1959; am sec. 6 ch 78 SLA 1982)

Sec. 28.20.220.

MATTERS NOT TO BE EVIDENCE IN CIVIL SUITS. The report required after an accident, the action taken by the department under this chapter, the findings, if any, of the department upon which its action is based, and the security filed shall not be referred to, and shall not be evidence of the negligence or due care of either party, at the trial of an action to recover damages. HISTORY (Sec. 24 ch 163 SLA 1959)

Sec. 28.20.230

PROOF OF FINANCIAL RESPONSIBILITY FOR THE FUTURE.

(a) The provisions of this chapter requiring the deposit of proof of financial responsibility for the future apply to persons who are convicted of or forfeit bail for certain offenses under motor vehicle laws or who, by ownership or operation of a vehicle of a type subject to registration under ch. 10 of this title, are involved in an accident in this state which results in bodily injury or death of a person or damage to the property of any one person exceeding \$500.

(b) The term "proof of financial responsibility for the future" as used in this chapter means proof of ability to respond in damages for liability, on account of an accident occurring after the effective date of proof, which arises out of the ownership, maintenance or use of a vehicle subject to registration under the laws of this state, in the amount of \$25,000 because of bodily injury to or death of one person in any one accident, and, subject to the same limit for one person, in the amount of \$50,000 because of bodily injury to or death of two or more persons in any one accident, and in the amount of \$10,000 because of injury to or destruction of property of others in any one accident. As used in this chapter the terms "proof of financial responsibility" or "proof" mean proof of financial responsibility for the future.

HISTORY (Sec. 25 ch 163 SLA 1959; am sec. 59 ch 69 SLA 1970; am sec. 2 ch 202 SLA 1975; am sec. 14 ch 144 SLA 1977)

Sec. 28.20.240.

PROOF REQUIRED WHEN USE OF LICENSE IS RESTRICTED.

Whenever under a law of this state the license of a person is suspended, revoked, limited under AS 28.15.201, or canceled for any reason, the department may not issue to that person a new or renewal of license in his name until permitted to do so under the motor vehicle laws of this state. A period of suspension, revocation, limitation, or cancellation under this section continues until proof of financial responsibility for the future is provided.

HISTORY (Sec. 26 ch 163 SLA 1959; am sec. 7 ch 78 SLA 1982)

Sec. 28.20.250.

ACTION IN RESPECT TO UNLICENSED PERSON.

(a) If a person does not have a license, but by final order or judgment is convicted of, or forfeits bail or collateral deposited to secure an appearance for trial for an offense requiring the suspension or revocation of license, or for driving a motor vehicle upon the highways without being licensed to do so, or for driving an unregistered vehicle upon the highways, no license shall be issued to the person unless he gives and thereafter maintains proof of financial responsibility for the future.

(b) Whenever the department suspends or revokes a nonresident's operating privilege for conviction or forfeiture of bail, the privilege remains suspended or revoked unless the person has previously given or immediately gives proof of financial responsibility for the future.

HISTORY (Sec. 27 ch 163 SLA 1959)

Sec. 28.20.260.

WHEN PROOF REQUIRED AFTER ACCIDENTS.

(a) Upon receipt by the department of the report of an accident resulting in bodily injury or death, or property damage to any one person exceeding \$500, the department shall suspend the license of the driver of a motor vehicle involved in the accident unless the driver or owner

(1) has previously furnished or immediately furnishes security required by this chapter, or is excepted from furnishing security under sec. 60 of this chapter, and

(2) maintains proof of financial responsibility for three years following the accident.

(b) This section does not apply to an owner or operator with respect to an accident in which a judgment in his favor is given on a cause of action arising out of the accident which establishes his freedom from fault.

HISTORY (Sec. 28 ch 163 SLA 1959; am sec. 15 ch 144 SLA 1977)

Sec. 28.20.270.

SUSPENSION FOR NONPAYMENT OF JUDGMENTS. Upon receipt of a certified copy of a judgment and a certificate of facts relative to the judgment, the department shall immediately suspend the license or nonresident's operating privilege of a person against whom the judgment is given except as otherwise provided in this chapter. HISTORY (Sec. 29 ch 163 SLA 1959)

Sec. 28.20.280.

WHEN COURTS TO REPORT NONPAYMENT OF JUDGMENTS. If a person fails within 30 days to satisfy a judgment arising out of a motor vehicle accident, the clerk of the court, or the judge if there is no clerk, in which the judgment is given, shall forward to the department a certified copy of the judgment and a certificate of facts relative to the judgment. HISTORY (Sec. 30 ch 163 SLA 1959)

Sec. 28.20.290.

FURTHER ACTION WITH RESPECT TO NONRESIDENTS. If the defendant named in a certified copy of a judgment reported to the department is a nonresident, the department shall send a certified copy of the judgment to the official in charge of the issuance of licenses and registrations of the state of which the defendant is a resident. HISTORY (Sec. 31 ch 163 SLA 1959)

Sec. 28.20.300.

EXCEPTION FOR GOVERNMENT VEHICLES. Sections 260 and 270 of this chapter do not apply to an accident caused by the ownership or operation, with permission, of a vehicle owned or leased to the United States, this state, or a political subdivision or municipality of this state. HISTORY (Sec. 32 ch 163 SLA 1959)

Sec. 28.20.310.

EXCEPTION WHEN CONSENT GRANTED BY JUDGMENT CREDITOR. If the judgment creditor consents in writing in a form prescribed by the department to the issuance of a license or nonresident's operating privilege to the judgment debtor, the department may allow it for six months from the date of such consent and thereafter until the consent is revoked in writing, if the judgment debtor furnishes proof of financial responsibility notwithstanding default in the payment of judgment, or of an installment of the judgment prescribed in sec. 270 of this chapter. HISTORY (Sec. 33 ch 163 SLA 1959) -

Sec. 28.20.320.

EXCEPTIONS WHEN INSURER LIABLE. No license or nonresident's operating privilege shall be suspended under this chapter if the department finds that an insurer is obligated to pay the judgment upon which suspension is based at least to the extent and for the amounts required in this chapter, but has not paid the judgment for any reason. A finding by the department that an insurer is obligated to pay a judgment is not binding upon the insurer and has no legal effect except for the purpose of administering this section. If in a judicial proceeding it is determined by a final judgment, decree or order that an insurer is not obligated to pay a judgment, the department, notwithstanding any contrary finding made by it, shall immediately suspend the license or nonresident's operating privilege of a person against whom the judgment is given, as provided in sec. 270 of this chapter. HISTORY (Sec. 34 ch 163 SLA 1959)

Sec. 28.20.325.

EXCEPTION FOR BUSINESS RELATIONSHIP. If the driver at the time of an accident was driving, in the course and scope of his employment, a vehicle owned, operated or leased by his employer, the security deposit, proof of future responsibility and suspension provisions of this chapter apply to the employer and to the vehicles owned by him or registered under his name and do not apply to the driver. HISTORY (Sec. 1 ch 25 SLA 1966)

Sec. 28.20.330.

SUSPENSION TO CONTINUE UNTIL JUDGMENTS PAID AND PROOF GIVEN.

(a) If a person has an unsatisfied judgment against him requiring suspension under sec. 270 of this chapter, his license or nonresident's operating privilege shall remain suspended and shall not be renewed, nor shall a license or registration be issued in the name of the person, including a person not previously licensed, until the judgment is stayed or satisfied and until the person gives proof of financial responsibility subject to the exceptions in secs. 310 - 320, and 370 of this chapter.

(b) The proof required by (a) of this section shall be maintained during the period the person has a license or nonresident's operating privilege.

HISTORY (Sec. 35 ch 163 SLA 1959)

Sec. 28.20.340

LICENSE CANCELLED, SUSPENDED OR REVOKED.

Upon receiving a record of the conviction of a person for driving a vehicle while his license was suspended, the department shall immediately suspend the registration of every vehicle registered in his name until he gives proof of financial responsibility for the future for each vehicle registered in his name. HISTORY (Sec. 36 ch 163 SLA 1959)

Sec. 28.20.360.

PAYMENTS SUFFICIENT TO SATISFY REQUIREMENTS.

(a) For the purpose of this chapter, a judgment is satisfied when

(1) \$25,000 is credited upon a judgment given in excess of that amount because of bodily injury to or death of one person as the result of any one accident; or

(2) subject to the limit of \$25,000 because of bodily injury to or death of one person, the sum of \$50,000 is credited upon a judgment given in excess of that amount because of bodily injury to or death of two or more persons as the result of any one accident; or

(3) \$10,000 is credited upon a judgment given in excess of that amount because of injury to or destruction of property of others as a result of any one accident.

(b) However, payments made in settlement of a claim because of bodily injury, death or property damage arising from the accident shall be credited in reduction of the amounts provided for in this section.

HISTORY (Sec. 38 ch 163 SLA 1959; am secs. 60, 61 ch 69 SLA 1970; am sec. 3 ch 202 SLA 1975)

Sec. 28.20.370.

INSTALLMENT PAYMENT OF JUDGMENTS; DEFAULT.

(a) A judgment debtor upon due notice to the judgment creditor may apply to the court in which such judgment was rendered for the privilege of paying the judgment in installments and the court, without prejudice at any other legal remedy, may order and fix the amount and time of payment of the installments.

(b) The department shall not suspend a license or nonresident's operating privilege, and shall restore a license or nonresident's operating privilege suspended following nonpayment of a judgment, when the judgment debtor gives proof of financial responsibility and obtains an order permitting the payment of the judgment in installments. (c) If the judgment debtor fails to pay an installment specified by the court order, upon notice of default, the department shall immediately suspend the license or nonresident's operating privilege of the judgment debtor until the judgment is satisfied as provided in this chapter.

HISTORY (Sec. 39 ch 163 SLA 1959) -

Sec. 28.20.380.

REGISTRATION AND OPERATOR'S RIGHTS LIMITED BY EXTENT OF PROOF.

(a) When a certificate is filed showing that a policy is issued covering a motor vehicle owned by the insured, but not insuring the person when operating a motor vehicle not owned by him, the restriction may be removed upon the filing of a certificate showing an operator's policy issued to the person.

(b) If the department receives evidence of the violation of the restriction on the license, it may suspend the license until a certificate is filed showing an operator's policy issued to the holder of the license. HISTORY (Sec. 40 ch 163 SLA 1959)

Sec. 28.20.390.

ALTERNATE METHODS OF GIVING PROOF.

Proof of financial responsibility for a person who is not the owner of a vehicle may be given by filing

(1) a certificate of insurance as provided in secs. 410 or 420 of this chapter;

(2) a bond as provided in sec. 470 of this chapter;

(3) a certificate of deposit of money or securities as provided in sec. 490 of this chapter; or

(4) a certificate of self-insurance as provided in sec. 400 of this chapter, supplemented by an agreement by the self-insurer that, for accidents occurring while the certificate is in force, he will pay the same amount that an insurer would be obligated to pay under an owner's motor vehicle liability policy if it had issued a policy to the self-insurer.

HISTORY (Sec. 41 ch 163 SLA 1959)

Sec. 28.20.400.

SELF-INSURERS.

(a) A person in whose name more than 25 vehicles are registered in this state may qualify as a self-insurer by obtaining a certificate of self-insurance issued by the department as provided in (b) of this section.

(b) The department may issue a certificate of self-insurance when it is satisfied that the person has and will continue to have ability to pay judgments obtained against him. The certificate may be issued authorizing a person to act as a self-insurer for either property damage or bodily injury, or both, or within the limits the department prescribes.

(c) Upon not less than 10 days' notice and a hearing pursuant to the notice, the department may upon reasonable grounds cancel a certificate of self-insurance. Failure to pay a judgment within 30 days after judgment becomes final is a reasonable ground for the cancellation of a certificate of self-insurance. HISTORY (Sec. 42 ch 163 SLA 1959)

Sec. 28.20.410.

CERTIFICATE OF INSURANCE AS PROOF.

Proof of financial responsibility for the future may be furnished by filing with the department the written certificate of an insurance carrier authorized to do business in this state certifying that there is in effect a motor vehicle liability policy for the benefit of the person required to furnish proof of financial responsibility. The certificate shall give the effective date of the motor vehicle liability policy, which shall be the same as the effective date of the certificate, and shall designate by description or appropriate reference all vehicles covered by it, unless the policy is issued to a person who is not the owner of a motor vehicle.

HISTORY (Sec. 43 ch 163 SLA 1959)

Sec. 28.20.420.

CERTIFICATE FURNISHED BY NONRESIDENT AS PROOF.

(a) A nonresident may give proof of financial responsibility by filing with the department a written certificate of an insurance carrier authorized to transact business in the state in which the vehicle described in the certificate is registered, or if the nonresident does not own a vehicle, then in the state in which the nonresident resides, if the certificate otherwise conforms with this chapter; the department shall accept it upon condition that the insurance carrier complies with (b) and (c) of this section.

(b) The insurance carrier shall execute a power of attorney authorizing the department to accept service on its behalf of notice or process in an action arising out of a motor vehicle accident in this state.

(c) The insurance carrier shall agree in writing that the policy shall conform with the laws of this state relating to the terms of motor vehicle liability policies issued in this state.

HISTORY (Sec. 44 ch 163 SLA 1959; am sec. 44 ch 32 SLA 1971) -

Sec. 28.20.430.

DEFAULT BY NONRESIDENT INSURER.

If an insurance carrier not authorized to transact business in this state, but qualified to furnish proof of financial responsibility in this state, defaults in an undertaking or agreement, the department shall not accept as proof a certificate of the carrier whether previously filed or thereafter tendered as proof, so long as the default continues.

HISTORY (Sec. 45 ch 163 SIA 1959)

Sec. 28.20.440.

MOTOR VEHICLE LIABILITY POLICY.

(a) In this AS 28.20.010 - 28.20.640, "motor vehicle liability policy" means an "owner policy" or an "operator's policy" containing an agreement or endorsement as provided in this section, or certified as provided in AS 28.20.410 or 28.20.420 as proof of financial responsibility for the future, and issued, except as otherwise provided in AS 28.20.420, by an insurance carrier authorized to transact business in this state, to or for the benefit of the person named as insured.

(b) The owner's policy of liability insurance shall

(1) designate by description or appropriate reference all vehicles which it covers;

(2) insure the person named and every other person using the vehicle with the express or implied permission of the named insured, against loss from the liability imposed by law for damages arising out of the ownership, maintenance or use of the vehicle within the United States of America or the Dominion of Canada, subject to limits exclusive of interests and costs, with respect to each vehicle, as follows: \$25,000 because of bodily injury to or death of one person in any one accident, and, subject to the same limit for one person, \$50,000 because of bodily injury to or death of two or more persons in any one accident, and \$10,000 because of injury to or destruction of property of others in any one accident;

(3) contain coverage in the amounts set out in (2) of this subsection for the protection of the persons insured under the policy who are legally entitled to recover damages from owners or operators of uninsured motor vehicles because of bodily injury or death arising out of the ownership, maintenance or use of the uninsured motor vehicle, except that this coverage may be waived in writing by the insured on or before the effective date of the policy.

(c) The operator's policy of liability insurance shall insure the person named as insured against loss from the liability imposed upon him by law for damages arising out of the use by him of any motor vehicle not owned by him, within the same territorial limits and subject to the same limits of liability as are required for an owner's policy of liability insurance. -

(d) The motor vehicle liability policy shall state the name and address of the named insured, the coverage, the premium charges, the policy period and the limits of liability, and shall contain an agreement or an endorsement that insurance is provided in accordance with the coverage defined in AS 28.20.010 - 28.20.640 for bodily injury and death or property damage, or both, and is subject to all the provisions of AS 28.20.010 - 28.20.640.

(e) The motor vehicle liability policy need not insure liability under a workers' compensation law nor liability for damage to property owned by, rented to, in charge of or transported by the insured. (f) Every motor vehicle liability policy is subject to the following provisions but these provisions need not be contained in the policy.

(1) The liability of the insurance carrier becomes absolute whenever injury or damage covered by the policy occurs; the policy may not be cancelled or annulled as to this liability after the occurrence of the injury or damage; no statement made by the insured or on his behalf and no violation of the policy defeats or voids the policy.

(2) The satisfaction by the insured of a judgment for injury or damages is not a condition precedent to the right or duty of the insurance carrier to make payment on account of injury or damage.

(3) The insurance carrier may settle a claim covered by the policy, and if settlement is made in good faith, the amount of settlement is deductible from the limits of liability specified in (b) of this section.

(4) The policy, the written application for the policy, if any, and every rider or endorsement which does not conflict with the provisions of AS 28.20.010 - 28.20.640 constitute the entire contract between the parties.

(g) A policy which grants the coverage required for a motor vehicle liability policy may also grant lawful coverage in excess of or in addition to the coverage specified for a policy and the excess or additional coverage is not subject to the provisions of AS 28.20.010 - 28.20.640. With respect to a policy which grants excess or additional coverage the term "motor vehicle liability policy" applies only to that part of the coverage which is required by this section.

(h) A motor vehicle liability policy may provide that the insured shall reimburse the insurance carrier for any payment the insurance carrier would not have been obligated to make under the terms of the policy except for the provisions of AS 28.20.010 - 28.20.640.

(i) A motor vehicle liability policy may provide for proration of the insurance with other valid and collectible insurance.

(j) The requirements for a motor vehicle liability policy may be fulfilled by the policies of one or more insurance carriers which together meet the requirements.

(k) A binder issued pending the issuance of a motor vehicle liability policy fulfills the requirements for a policy.

HISTORY (Sec. 46 ch 163 SLA 1959; am sec. 2 ch 146 SIA 1966; am sec. 4 ch 202 SLA 1975; am sec. 60 ch 94 SLA 1980)

Sec. 28.20.450.

NOTICE OF CANCELLATION OR TERMINATION OF CERTIFIED POLICY. When an insurance carrier certifies a motor vehicle liability policy under sec. 410 or sec. 420 of this chapter the insurance certified may not be cancelled or terminated until at least 10 days after a notice of cancellation or termination of the insurance is filed with the department, except that a policy subsequently procured and certified shall, on the effective date of its certification, terminate for the purpose of this chapter the insurance previously certified for a vehicle designated in both certificates. HISTORY (Sec. 47 ch 163 SLA 1959)

Sec. 28.20.460.

CHAPTER NOT TO AFFECT OTHER POLICIES.

(a) This chapter does not apply to or affect a policy of automobile insurance against liability which may now or hereafter be required by any other law of this state, except that the policy, if it contains an agreement or is endorsed to conform with the requirements of this chapter, may be certified as proof of financial responsibility under this chapter.

(b) This chapter does not apply to or affect a policy insuring solely the insured named in the policy against liability resulting from the maintenance or use by persons in the insured's employ or on his behalf of vehicles not owned by the insured.

HISTORY (Sec. 48 ch 63 SLA 1959)

Sec. 28.20.470.

BOND AS PROOF.

Proof of financial responsibility may be evidenced by the bond of a surety company authorized to transact business in this state. The bond shall be conditioned for payment of the amounts specified in sec. 230 of this chapter. The bond shall be filed with the department and shall not be cancellable except after 10 days' written notice to the department.

HISTORY (Sec. 49 ch 163 SLA 1959)

Sec. 28.20.480.

ACTION ON BOND. If a judgment given against the principal on a bond is not satisfied within 30 days after it becomes final, the judgment creditor may, for his own use and benefit and at his sole expense, bring an action in the name of the state against the company executing the bond. HISTORY (Sec. 50 ch 163 SLA 1959)

Sec. 28.20.490.

MONEY OR SECURITIES AS PROOF.

Proof of financial responsibility may be evidenced by the deposit of \$25,000 in cash, or securities which are legal investments for saving banks or trust funds having a market value of \$25,000. The department shall not accept a deposit unless accompanied by evidence that there are no unsatisfied judgments of any character against the depositor in the recording district where the depositor resides. HISTORY (Sec. 51 ch 163 SLA 1959; am sec. 15 ch 214 SLA 1975)

Sec. 28.20.500.

OWNER MAY GIVE PROOF FOR OTHERS.

(a) The owner of a motor vehicle may give proof of financial responsibility on behalf of his employee or a member of his immediate family or household. The furnishing of proof in this manner permits the person for whom it is given to operate a motor vehicle covered by the proof. The department shall endorse appropriate restrictions on the face of the license held by a person for whom proof is given by another, or may issue a new license containing these restrictions.

(b) The department, upon receiving satisfactory evidence of the violation of a restriction, may suspend the license until a certificate is filed showing a policy issued to the driver which covers the driver as operator or owner of the vehicle operated in violation of the restriction. -

Sec. 28.20.510.

SUBSTITUTION OF PROOF.

The department shall consent to the cancellation of a bond or certificate of insurance, or the department shall return money or securities to the person entitled to it, upon the substitution and acceptance of other adequate proof of financial responsibility under this chapter.

HISTORY (Sec. 54 ch 163 SLA 1959; am sec. 16 ch 214 SLA 1975)

Sec. 28.20.520.

OTHER PROOF MAY BE REQUIRED.

Whenever proof of financial responsibility filed under this chapter no longer fulfills the purpose for which it is required, the department shall require other proof as required by this chapter and shall suspend the license pending the filing of other proof.

HISTORY (Sec. 55 ch 163 SLA 1959)

Sec. 28.20.530.

APPLICATION OF DEPOSIT. The department shall hold the deposit to satisfy, in accordance with this chapter, any execution on a judgment issued against the person making the deposit for damages, including damages for care and loss of services because of bodily injury to or death of any person, or for damages because of injury to or destruction of property, including the loss of use of it, resulting from the ownership, maintenance, use or operation of a vehicle subject to registration under the laws of this state after the deposit is made. Money or securities deposited are not subject to attachment or execution unless the attachment or execution arises out of a suit for damages specified in this section. HISTORY (Sec. 52 ch 163 SLA 1959; am sec. 17 ch 214 SLA 1975)

Sec. 28.20.540.

DURATION, CANCELLATION AND RETURN OF PROOF.

(a) The department shall, upon request, consent to the immediate cancellation of a bond or certificate of insurance, or shall return to the person entitled to it money or securities deposited as proof of financial responsibility, or shall waive the requirement of filing proof, in any of the following events:

(1) at any time after three years from the date proof is required when, during the three year period preceding the request, the department has not received record of a conviction or a forfeiture of bail which would require or permit the suspension or revocation of the license or registration of the person by or for whom the proof was furnished; or

(2) upon the death of the person on whose behalf the proof was filed or the permanent incapacity of the person to operate a motor vehicle; or

(3) if the person who has given proof surrenders his license to the department.

(b) The department shall not consent to the cancellation of a bond or the return of money or securities if an action for damages upon a liability covered by the proof is pending or a judgment upon the liability is unsatisfied, or if the person who filed the bond or deposited money or securities has within one year immediately preceding the request been involved as a driver or owner in a motor vehicle accident resulting in injury or damage to the person or property of others. An affidavit of the applicant as to the nonexistence of these facts, or that he is released from all of this liability, or has been finally adjudicated not to be liable for the injury or damage is sufficient evidence in the absence of evidence to the contrary in the records of the department.

(c) Whenever a person, whose proof has been cancelled or returned under (a) (3) of this section applies for a license within a period of three years from the date proof was originally required, the application shall be refused unless the applicant reestablishes the proof for the remainder of the three-year period.

HISTORY (Sec. 56 ch 163 SLA 1959; am sec. 18 ch 214 SLA 1975)

Sec. 28.20.550.

TRANSFER OF REGISTRATION TO DEFEAT PURPOSE OF CHAPTER PROHIBITED.

(a) If an owner's registration is suspended under this chapter, the registration shall not be transferred nor the vehicle registered in any other name until the department is satisfied that the transfer of registration is proposed in good faith and not for the purpose or with the effect of defeating the purposes of this chapter.

(b) This section does not affect the rights of a conditional vendor, chattel mortgagee or lessor of the vehicle registered in the name of another as owner who becomes subject to this chapter.

(c) The department shall suspend the registration of a vehicle transferred in violation of this section. HISTORY (Sec. 57 ch 163 SLA 1959)

Sec. 28.20.560.

SURRENDER OF LICENSE AND REGISTRATION, AND FALSE AFFIDAVITS.

(a) A person whose license or registration is suspended under any provision of this chapter, or whose policy of insurance or bond, when required under this chapter, is cancelled or terminated, shall immediately return his license or registration to the department. If a person fails to return the license or registration to the department, the department shall immediately direct a peace officer to obtain possession of it and to return it to the department.

(b) A person who wilfully fails to return a license or registration as required in (a) of this section or who knowingly gives an affidavit required by this chapter which is false is punishable by a fine of not more than \$500, or by imprisonment for not more than 30 days, or by both. HISTORY (Sec. 58 ch 163 SLA 1959)

Sec. 28.20.570.

FORGED PROOF.

A person who forges or, without authority, signs any evidence of proof of financial responsibility for the future, or who files or offers for filing evidence of proof of financial responsibility for the future, knowing or having reason to believe that it is forged or signed without authority, is punishable by a fine of not more than \$1,000, or by imprisonment for not more than one year, or by both.

HISTORY (Sec. 59 ch 163 SLA 1959)

Sec. 28.20.580.

ASSIGNED RISK PLANS. After consultation with the insurance companies authorized to issue motor vehicle liability policies in this state, the director of the division of insurance shall approve a reasonable plan, fair to the insurers and equitable to their policyholders, for the apportionment among these companies of applicants for motor vehicles policies and other vehicle coverages who are in good faith entitled to but are unable to procure policies through ordinary methods. When a plan is approved, all the insurance companies shall subscribe to it and participate in it. An applicant for an assigned risk policy, a person insured under an assigned risk plan, and an insurance company affected may appeal to the commissioner of commerce and economic development from a ruling or decision of the authority designated to operate the plan. Failure to adopt an assigned risk plan does not relieve any person from responsibility under this chapter. HISTORY (Sec. 60 ch 163 SLA 1959; am sec. 16 ch 144 SLA 1977)

Sec. 28.20.585.

REINSTATEMENT FEE. If an operator's license is suspended under the provisions of this chapter, the department shall charge a person who applies for reinstatement of the operator's license a reinstatement fee of \$50. HISTORY (Sec. 8 ch 78 SLA 1982)

Sec. 28.20.590.

PAST APPLICATION OF CHAPTER. This chapter does not apply to any accident or judgment arising from an accident or violation of the motor vehicle laws of this state, occurring before September 1, 1959. HISTORY (Sec. 61 ch 163 SLA 1959)

Sec. 28.20.600.

CHAPTER DOES NOT PREVENT OTHER PROCESS. This chapter does not prevent the plaintiff in an action from relying for relief upon other processes provided by law. HISTORY (Sec. 62 ch 163 SLA 1959)

Sec. 28.20.610

PROVISIONS OF CHAPTER APPLY THROUGHOUT STATE.

The provisions of this chapter apply upon highways and elsewhere throughout the state. HISTORY (Sec. 63 ch 163 SLA 1959)

Sec. 28.20.620.

APPLICATION OF ADMINISTRATIVE PROCEDURE ACT.

Repealed by sec. 4 ch 140 SLA 1977.

Sec. 28.20.630.

DEFINITIONS

In this chapter unless the context otherwise requires

- (1) Repealed by sec. 20 ch 214 SLA 1976.
- (2) Repealed by sec. 2 ch 135 SLA 1977.
- (3) "judgment" means a judgment which is final by expiration without appeal of the time within which an appeal may be taken, or final by affirmation on appeal, given by a court of any state or of the United States, upon a cause of action arising out of the ownership, maintenance, or use of a vehicle of a type subject to registration under the laws of this state, for damages, including damages for care and loss of services, because of bodily injury to or death of a person, or for damages because of injury to or destruction of property, including the loss of use of property, or upon a cause of action on an agreement of settlement for such damages;
- (4) Repealed by sec. 2 ch 135 SLA 1977.
- (5) Repealed by sec. 20 ch 241 SLA 1976; sec. 2 ch 135 SLA 1977.
- (6) Repealed by sec. 2 ch 135 SLA 1977.
- (7) Repealed by sec. 2 ch 135 SLA 1977.
- (8) Repealed by sec. 2 ch 135 SLA 1977.
- (9) Repealed by sec. 2 ch 135 SLA 1977.
- (10) Repealed by sec. 2 ch 135 SLA 1977.
- (11) Repealed by sec. 2 ch 135 SLA 1977.
- (12) Repealed by sec. 2 ch 135 SLA 1977.
- (13) Repealed by sec. 2 ch 135 SLA 1977.
- (14) Repealed by sec. 2 ch 135 SLA 1977.
- (15) Repealed by sec. 20 ch 241 SLA 1976.

HISTORY (Sec. 3 ch 163 SLA 1959; am sec. 20 ch 241 SLA 1976; am sec. 2 ch 135 SLA 1977)

Sec. 28.20.640.

SHORT TITLE.

This chapter may be cited as the Motor Vehicle Safety Responsibility Act.

HISTORY (Sec. 1 ch 163 SLA 1959)

END OF DOCUMENT

AGENCY: DEPARTMENT OF PUBLIC SAFETY
PROGRAM: LIFE AND PROPERTY PROTECTION

CATEGORY: PUBLIC PROTECTION
BRU(S): DRIVER/VEHICLE SERVICES

The Driver/Vehicle Services BRU is organized into four components: Vehicle Services, Driver Services, Field Services, and Administration. The basic purpose of the Vehicle Services unit is protection of ownership of vehicles by the maintenance of an official single source record of vehicle titles. License plate records also facilitate vehicle recovery when stolen. The purpose of the Driver Services unit is to restrict vehicle operation to those persons who are capable of safe operation by utilizing a system of driver testing, records maintenance, and a "driver improvement" function to identify and help improve or suspend drivers who violate safe driving laws. This unit also provides protection for innocent victims of accidents by suspending those drivers who do not meet their financial responsibilities resulting from an accident. The Field Services Unit operates the system of field offices where the public may obtain their vehicle titles, registrations, and driver licenses.

Driver and vehicle identification information collected is computerized for rapid retrieval by law enforcement agencies during investigation of criminal activities. This information is highly useful in identifying offenders. For instance, FBI statistics show that nationwide, a motor vehicle is involved in 50% of all crimes committed.

The Administration component includes the director's office, central support staff, and the municipal tax unit. The municipal tax unit is funded by charges assessed to municipalities which elect to levy a municipal motor vehicle tax; this tax is collected by the State.

402

PHONE CONTACT FOR MORE INFORMATION: Robert Rowan, Director 269-5551

SERVICE MEASURES	FY 82		FY 83	FY 84	
	PLAN	ACTUAL	PLAN	CONTINUATION	TOTAL
Number of registrations processed.	355,000	381,599	350,000	380,000	380,000
Number of titles issues.	190,000	161,080	160,000	170,000	170,000
Number of driver's licenses issued.	140,000	141,712	140,000	155,000	155,000
Accident reports processed.	20,000	20,444	17,000	22,000	22,000
Driver records produced.	96,000	77,942	90,000	85,000	85,000
Documents filmed.	2,100,000	1,996,306	2,100,000	2,200,000	2,200,000
Financial responsibility suspensions.	4,000	2,603	3,000	3,000	3,000
Point suspensions.	2,300	2,507	3,000	2,900	2,900

Hard report form accidents urged

NEW YORK — The standardization of accident reports is being urged by state regulators by the National Insurance Agents of America.

The group recommends that an accident report be developed by the National Association of Insurance Commissioners in cooperation with IIR/ACORD Corporation in order to cut down on the time and expense of the process. In a letter to the President and Executive Chairman Bill Gunter, the NIAA requested that an advisory committee be set up to develop such a form.

The request will be brought before the NAIC's systems for deregulation and improved regulation submitted at the NAIC meeting in Washington, D.C. on March 15.

Kilpatrick to assume senior executive roles

NEW YORK — Ralph S. Saul, president of CIGNA Corporation, announced on January 17 that the co-chief executive structure, established as a result of the 1982 merger of Connecticut General and INA, will be replaced with a more traditional structure. Saul will serve as chairman of the board of directors and Robert D. Kilpatrick will serve as president and chief executive officer of CIGNA. Kilpatrick has been co-chief executive since the merger.

In announcing this action, Saul said that major decisions to integrate the two companies and the policies and procedures required to manage CIGNA have been established. Moreover, he expected to meet the goals set for the merger. In view of the changes made regarding the merger, he concluded in consultation with the board that it is now appropriate to return to a more traditional form of corporate structure to address the financial and operational needs of the company.

In the new structure Saul, in addition to serving as chairman of the board, will chair the executive and nominating committees of the board.

Kilpatrick, 58, served as chairman and chief executive officer of INA from 1978 until the merger. He has served as president and chief executive officer of Connecticut General since 1976 until the merger, and joined the company in 1954.

IIR/ACORD develops auto identification card

WHITE PLAINS, NY — Robert E. Merriman, executive vice president of the recently merged IIR/ACORD Corporation, has announced the availability of a uniform automobile insurance identification card effective February 15. Six of the 18 states that require proof of insurance as part of their mandatory automobile insurance laws have approved the ACORD form. Three other states appear to be nearing approving it, and several others have indicated that they are looking favorably upon it.

Those states where the card has been approved include Colorado, Connecticut, Delaware, Montana and Texas. Kansas also has given its approval, but has limited its use to private passenger automobiles.

Companies also are required to print and distribute ID cards of some type in Florida, Georgia, Hawaii, Idaho, Kentucky, Michigan, Nevada, New Jersey, New York, Oklahoma, Pennsylvania, and West Virginia. Some companies also issue ID's on a voluntary basis in states where they are not required. Although the majority of these forms are similar in appearance, each jurisdiction has some unique content or size requirement, necessitating separate forms which will comply with the state's regulation.

Reinsurance arbitration program offered by IAF

NEW YORK — A new arbitration program to help insurers and reinsurers speedily resolve their disputes has been developed by Insurance Arbitration Forums, Inc.

The "Excess/Primary Reinsurance Arbitration" program provides an effective vehicle for the settlement of inter-insurer disputes, according to Bernard L. Hines Jr., executive director of IAF, a non-profit industry organization.

"This program will enable insurers and reinsurers to resolve their disputes more quickly and efficiently," he said.

Prior to the establishment of the IAF program, there were no formal rules to guarantee an objective and prompt settlement of a reinsurance dispute, said Hines.

Now, through IAF's national network, cases involving all types of reinsurance disputes are being handled according to specific arbitration rules, he said. In addition, the entire arbitration process takes only 60 to 90 days.

Under the reinsurance program, disputing parties choose the hearing site and participate in the selection of

EDITORIAL C

The new cost

Theories of liability have developed among legal scholars and underwriters of a

The latest and perhaps the hardest of liability for wrongful life... not a theory was accepted by the Washington (January 14 INSURANCEWEEK) as

Under the recent ruling of the Washington their parents may recover damages for properly inform expectant parents of prevented the choice of abortion.

It is difficult to argue against the pressure from a physician concerning an unborn child. It is logical in some instances the right to decide on abortion could doctor who failed to properly inform defects. However, the ruling that the damages against the doctor in favor is stretching the judicial function beyond

Most of us will agree that we can stand under which we would prefer the court to award damages to a child wrongfully permitting the child to be born. Information that could have resulted in an abortion jury to place a negative measurement

Permitting recoveries for wrongful liability to the unborn and to the ai holding physicians liable for the su permitting them to die.

Wrongful life liability and the im expansion of liability for medical se pressures on medical practitioners to increase costs for patients.

arbitrators from IAF's group of experienced reinsurance executives.

Filing cost for the program is \$250 for each disputing party. The program is voluntary and handled on a per case basis.

Additional information is available



2322 Sea First Bank Bldg., Seattle
IRWIN MESHER, Publisher
LES BEAL, Managing Editor

RON GILL

Sant

ANDREW L.

P.O. Box 156, Westfield

INSURANCEWEEK

Published every Friday by INSURANCEWEEK
Bldg., Seattle, WA 98154
Entered as second-class

Handwritten signature or note at the bottom right of the page.



ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

MAR 28 1983

Pouch Y, State Capitol
Juneau, Alaska 99811
(907) 465-3991

March 28, 1983

MEMORANDUM

TO: Representative Joe Hayes
Attention: Jeff Day

FROM: David Teal *Teal*
Research Staff

RE: Automobile Liability Insurance
Research Request Number 83-128

Jeff Day, of your staff, asked for information relating to automobile liability insurance. More specifically, he requested the latest estimates of the proportion of uninsured motorists in Alaska, the number of vehicles registered in the state, the number of licensed drivers, and the amount of property damage and personal injury caused by uninsured motorists.

Insured vs. Uninsured Motorists

As you may know, automobile liability insurance policies generally cover some persons not named on the policies; as far as the insurance provider is concerned, the unit of exposure is the vehicle, not the policy-holder or the number of potential operators. This factor makes determining the number of uninsured drivers very difficult and is the reason that data are usually presented in terms of uninsured vehicles rather than uninsured persons.

The Division of Insurance prepared statistics on the number of uninsured vehicles in Alaska, but included several caveats in the analysis. (See Attachment A.) That study used information from several sources and produced two estimates of the number of uninsured vehicles during several years. The estimates are so dissimilar that one must question their value. For example, the estimate of uninsured vehicles in 1980 was 40.5 percent by one method and 11.0 percent by the other method.

A third method, which was used by the Division of Drivers' Services in the Department of Public Safety, is likely to provide a much better estimate of the proportion of motorists in Alaska that are uninsured. The division reviewed records of accidents that occurred during January of 1981 and found that 21 percent of motorists involved in accidents were uninsured. A repeat of the study in January of 1982 showed that

Representative Hayes

March 28, 1983

Page 2

20 percent of motorists were uninsured. Applying the 20 percent figure to the vehicle registration statistics presented later in this memorandum produces an estimate of about 100,000 uninsured vehicles in the state. Figures for 1983 have not been compiled.

Liability Limits

Jeff Day noted that liability limits of \$100,000 per person (to a maximum of \$300,000 per accident) for bodily injury and \$50,000 for property damage--traditionally written as 100/300/50--are "standard" and wondered how many insured drivers currently carry less than this amount of liability insurance. I was unable to find any written record of the number of motorists that purchase more insurance than is required by law, but it is worth noting that Alaska currently requires 25/50/10 and that Hawaii is the only state with higher limits than Alaska. (See Attachment B.)

The only way to determine the number of policies written for limits higher than the minimum is to contact the individual insurance companies. A reasonable estimate could be obtained by contacting State Farm, Allstate, Criterion, and United Services. Together, these companies insure about 70 percent of Alaska's motorists.

I was able to contact Allstate and State Farm Insurance Companies, and spokesmen for both said that their most common coverage is 100/300/50. In this sense, the 100/300/50 policy is the industry standard. According to State Farm Insurance, the additional cost of 100/300/50 amounts to only about \$20 per year more than the 25/50/10 coverage. The company also pointed out that law suits now commonly exceed Alaska's current minimums.

Damage and Injury Caused by Uninsured Motorists

There are no requirements that records on this subject be maintained. Don Koch, of the Division of Insurance, stated that he wouldn't even be able to "guesstimate" because he felt that much of the damage is unreported and/or uncompensated. A similar opinion was expressed by representatives of the insurance industry.

As you may be aware, uninsured motorist coverage is a mandatory offering in Alaska. This means that insurance companies must offer the coverage and inform clients of its availability. There is no requirement that the coverage be purchased.

Representative Hayes

March 28, 1983

Page 3

Registered Vehicles and Licensed Drivers

According to Sharon Naus, of the Division of Drivers' Services in the Department of Public Safety, there were 316,797 persons holding valid Alaska drivers licenses on January 10, 1983. She also reported that 407,870 vehicles were registered in Alaska in calendar year 1982. The following table shows the number of registered vehicles by vehicle type.

Motor Vehicles Registered in Alaska
Calendar Year 1982

<u>Vehicle Type</u>	<u>Number</u>
Passenger Auomobiles	217,719
Motorcycles	14,504
Commercial Trailers	10,079
Utility Trailers	37,999
Commercial Trucks	19,361
Pick-ups	106,851
Buses	1,357
TOTAL	407,870

Source: Department of Public Safety 3/83

* * *

In addition to material obtained from the Division of Insurance, I am attaching a recent House Research Agency memorandum on the subject of compulsory insurance. If you have questions about information presented in this memorandum and its attachments or have additional questions, please call.

Attachments

- A) Alaska Drivers: Insured vs. Uninsured (Division of Insurance, undated)
- B) Liability Limits (Division of Insurance, undated)
- C) Research Request 83-48

ATTACHMENT A

ALASKA DRIVERS
Insured vs. Uninsured

The division's statistical needs respond to rate-making and solvency issues. Nevertheless, it has made an attempt to obtain some feeling as to what portion of the public may be uninsured. Unfortunately, a number of caveats must be placed on this information. The sources for the data used in the calculation come from several areas and in each case, this data is untested and has been subject to some adjustment or assumption which may cast suspicion on its accuracy.

You will note the substantial difference between the two charts. The reason for this difference is attributed to the different interpretation of what constitutes a private passenger type risk. The caveats following each chart detail the source of the numbers.

The data that follows is useful for "guesstimating" the percentage of insured motor vehicles in Alaska. It does not relate to insured persons in Alaska. To our knowledge, there is currently no source for arriving at a number of insured persons since a policy, when written, covers some persons not named automatically.

The unit of exposure, as far as the insurer is concerned, is the number of vehicles not the number of potential operators.

Chart 1. (From Division of Insurance 1982 Statistical Analysis)

(1) Year	(2) Registered Autos	(3) Insured Car Years	(4) % Insured	(5) % Uninsured
1975	199,536	117,355	58.8	41.2
1976	221,386	120,964	54.6	45.4
1977	226,389	121,635	53.7	46.3
1978	232,425	123,581	53.2	46.8
1979	229,403	132,391	57.7	42.3
1980	230,040	136,895	59.5	40.5

(1) This column is on a calendar basis.

(2) The number of registered automobiles was obtained from the Division of Planning and Research in the Department of Transportation and Public Facilities of the State of Alaska. The number of auto registrations derives from the following types of license plates:

- Regular
- Personalized
- Call Letter
- Other, including legislator, historic vehicle
- Pickups and vans
- Farm trucks

The numbers have been adjusted to remove duplicate registrations. They do not include unregistered vehicles, nor is there a method to arrive at a reasonable "guesstimate" of that number. Prior to 1977, pickups and vans were included in the freight-light trucks classification. We have made an adjustment to separate the pickups and vans from that classification, based on the relationship during 1977-79 of the pickups and vans classification to the freight-light trucks classification. Official automobiles (State, federal and municipal) are not included. Some fleets of automobiles have been included but are not identifiable by name or number. The chart relates only to private passenger registrations and insurance.

(3) These figures were obtained from the Automobile Insurance Plans Service Office (AIPSO), a licensed rating organization for this State. Included are voluntary and assigned risk nonfleet private passenger vehicles insured. An insured car year is one automobile insured for one year, so that, if a car is insured for six months, that would be 1/2 car year.

(4) = (3) ÷ (2)

(5) = 100% - (4)

Chart 2 (from AIPSO Ins. Facts, 1982)

<u>Year</u>	<u>Registered Autos*</u>	<u>Insured Car Years+</u>	<u>% Insured</u>	<u>% Uninsured</u>
1973	111,455	99,430	89.2	10.8
1974	135,902	99,430	70.2	29.8
1975	141,921	117,355	82.7	17.3
1976	154,093	120,964	78.5	21.5
1977	159,896	121,635	76.1	23.9
1978	162,578	123,619	82.2	17.8
1979	153,402	132,391	86.3	13.7
1980	153,774	136,895	89.0	11.0

* Represents number of passenger car registrations based on data from U.S. DOT, Federal Highway Administration, Highway Statistics Division, Office of Highway Planning. (A) Includes all new and renewal passenger car registrations. (B) Includes passenger car fleet vehicles, taxi cabs, and miscellaneous private passenger-car type vehicles registered as passenger cars. (C) Includes passenger car registrations made throughout the year, although vehicle may have been registered only a portion of the year. (D) Vehicles registered in one name and later sold and registered in another name count as two registrations, etc.

+ Represents 1/12 of the number of exposure months of liability insurance on vehicles rated as private passenger nonfleet type risks. (A) Includes many pickup trucks insured as passenger car type but not so registered. (B) May include other vehicles insured as passenger car risks, but registered as antiques, station wagons, vanity, press, ham radio, etc. (C) Does not include motorcycles recreational vehicles, nonowner risks, and cars rated in a fleet or self-insured.

In view of the interest being expressed by a number of persons in reviewing the limits of liability required by the Alaska Safety Responsibility Act (financial responsibility law) the Division of Insurance has updated exhibits originally prepared when the limits were last revised in 1975.

EXHIBIT A reflects the purchasing power or value of the dollar based on the annual average value as measured by consumer prices. The base year utilized is 1959, the year of Alaska Statehood. The indices used were developed by the U. S. Bureau of Labor Statistics. Column (3) shows the limits of liability for bodily injury applicable to the particular year. Column (5) does the same for property damage. The figures for 1982 and 1983 are projections and are not firm.

EXHIBIT B is the same concept as EXHIBIT A except it uses the date of last change of limits as the base year and thus uses a shorter span of years.

EXHIBIT C is an excerpt from the FC&S BULLETINS published by the National Underwriter Company of Cincinnati, Ohio. It depicts the current (as of January 1983) limit of liability for each state of the United States and for each province in Canada.

March 1, 1983

Division of Insurance
Department of Commerce & Economic Development
State of Alaska

PURCHASING POWER OF FINANCIAL RESPONSIBILITY LAW LIMITS USING 1959
(statehood) AS BASE YEAR

(1) Year	(2) Purchasing Power indx	(3) B.I. Limits (000)	(4) Purchasing Power of (3)	(5) P.D. Limit (000)	(6) Purchasing Power of (5)
1959	1.000	10/20	10000/20000	5	5000
1960	.984	10/20	9840/19680	5	4920
1961	.975	10/20	9750/19500	5	4875
1962	.964	10/20	9640/19280	5	4820
1963	.953	10/20	9530/19060	5	4765
1964	.940	10/20	9400/18800	5	4700
1965	.924	10/20	9240/18480	5	4620
1966	.899	10/20	8990/17980	5	4495
1966	.899	15/30	13485/26970	5	4495
1967	.873	15/30	13095/26190	5	4365
1968	.838	15/30	12570/25140	5	4190
1969	.796	15/30	11940/23880	5	3980
1970	.751	15/30	11265/22530	5	3755
1971	.720	15/30	10800/21600	5	3600
1972	.698	15/30	10470/20940	5	3490
1973	.657	15/30	9855/19710	5	3285
1974	.587	15/30	8805/17610	5	2935
1975	.542	15/30	8130/16260	5	2710
1975	.542	25/50	13550/27100	10	5420
1976	.512	25/50	12800/25600	10	5120
1977	.481	25/50	12025/24050	10	4810
1978	.447	25/50	11175/22350	10	4470
1979	.402	25/50	10050/20100	10	4020
1980	.355	25/50	8875/17750	10	3550
1981	.325	25/50	8125/16250	10	3250
1982est.	.310	25/50	7750/15500	10	3100
1983est.	.295	25/50	7375/14750	10	2950
Proposals					
1983est.	.295	50/100	14750/29500	25	7375
1983est	.295	100/200	29500/59000	25	7375

Prepared by: Alaska Division of Insurance
Based on U.S. Bureau of Labor Statistics
Date: March 1, 1983

PURCHASING POWER OF FINANCIAL RESPONSIBILITY LAW LIMITS USING 1975 (date of last change in financial responsibility law limits) AS BASE YEAR

(1) Year	(2) Purchasing Power Indx	(3) B.I. Limits (000)	(4) Purchasing Power of (3)	(5) P.D. Limit (000).	(6) Purchasing Power of (5)
1975	1.000	25/50	25000/50000	10	10000
1976	.945	25/50	23625/47250	10	9450
1977	.887	25/50	22175/44350	10	8870
1978	.824	25/50	20600/41200	10	8240
1979	.742	25/50	18550/37100	10	7420
1980	.654	25/50	16350/36700	10	6540
1981	.599	25/50	14975/29950	10	5990
1982est.	.572	25/50	14300/28600	10	5720

Prepared by: Alaska Division of Insurance
 Based on: U.S. Bureau of Labor Statistics
 Date: March 1, 1983

ECUSE RESEARCH AGENCY
Pouch Y - State Capitol
Juneau, Alaska 99811
465-3991

MEMORANDUM

March 6, 1980

TO: Representative Sally Smith
FROM: Peter B. Froehlich
RE: Uninsured Motorists and the Motor Vehicle Safety Responsibility Act (AS 28.20) (Research Request No. 69)

You recently asked this agency to explore possible methods to "tighten up" the Motor Vehicle Safety Responsibility Act (AS 28.20). In the course of our research on the Act, we learned that the Senate Commerce Committee has been studying the same issue. That committee has received a report from Richard Block, former director of the Division of Insurance, addressing amendments to the Act, as well as other approaches to the problem of uninsured motorists in Alaska. Senator Bradley has recently introduced one bill as a result of Mr. Block's report (SB 460 authorizing municipalities to impose mandatory insurance). Another, which will amend and tighten up the Motor Vehicle Safety Responsibility Act is currently being drafted by the Legal Services Division of the Legislative Affairs Agency for the committee.

In light of the existence of Mr. Block's report and the legislation which Senate Commerce Committee intends to introduce amending the Act, you have instructed us that completion of our research pursuant to your request was not necessary. Nonetheless, we offer this memorandum as a brief summary of our work thus far.

* * * * *

The problem at hand is that over 50% of the registered private vehicles in Alaska are completely uninsured. In 1978, according to Division of Insurance statistics, the figure was 49.1%. Although that year is the most recent for which complete data is available, the trend has been an increase in the figure each year.

The answer to the problem is not at all simple, and many possibilities have been suggested. Mandatory insurance appears to be the least popular for several reasons. In the states which have tried it, enforcement and administration has been an expensive burden and insurance rates have often climbed faster than in states without mandatory insurance.

Representative Sally Smith

March 6, 1980

Page 2

"No fault" insurance is perhaps a more workable solution, but has not been popular with insurance carriers, attorneys and others in Alaska when it has been considered by the legislature in the past.

Amendment of the existing Motor Vehicle Safety Responsibility Act may be the most feasible answer. This approach would take advantage of the main body of an existing chapter of the Alaska Statutes. It would therefore result in less disruption, adjustment and staff increase in the existing bureaucracy which implements the Act. It would be simpler both to legislate and to administer. Because fewer people would be forced by law to buy insurance, individual freedom of choice would be preserved to a greater degree. While all possible problems with uninsured drivers would not be solved, significant improvement could result from amending the Act.

The Motor Vehicle Safety Responsibility Act was enacted in 1959 during the first legislative session after Statehood. The Act deals with two separate subjects: 1) the requirement of deposit of security by uninsured motorists involved in an accident (AS 28.20.050-220); and 2) the requirement of proof of financial responsibility for the future by motorists convicted of certain offenses or involved in an accident (AS 28.20.230-600). The Act has been amended 13 times from 1964 through 1977. However, none of these amendments were really substantive. They merely made minor changes such as raising dollar amounts (e.g., ch 202 SLA 1976 and ch 144 SLA 1977), repealing some sections and subsections (e.g., 53 SLA 1973 and ch 135 SLA 1977), and substituting the Department of Public Safety for the Department of Revenue in the administration of the Act (e.g., ch 214 SLA 1976). Although the Alaska Supreme Court made several specific suggestions for substantive amendments to the Act in Paulson vs. National Indemnity Co. 498 P2 d731 (AK 1972), no remedial action was taken by the legislature. The Act has been significantly interpreted in one other Alaska Supreme Court case, Hart vs. National Indemnity Co. 422 P2 d1015 (AK 1967). It has been cited or applied in at least 9 other cases, including three Alaska Supreme Court cases, two Federal District Court cases, and four Alaska Superior Court cases.

Several amendments to the Act have been suggested either by others contacted during our research or by the research itself. First, of course, are the suggestions of the Alaska Supreme Court in the Paulson decision 498 P2 d731 at 757. These suggestions are directed at tightening the requirements of the second part of the Act for proof of financial responsibility for the future by motorists involved in accidents. The court suggested the repeal of language in AS 28.20.410 and 440 which allows a motorist to satisfy the act by insuring only one of several vehicles he owns.

Representative Sally Smith
March 6, 1980
Page 3

Two amendments were suggested by Ken Moore, director of the Division of Insurance in a January 24, 1980 letter to Senator Hackney. These amendments would 1) prevent registration of a vehicle or renewal thereof by anyone required under the Act to file proof of responsibility for the future who did not do so; and 2) make any falsification of such proof punishable by a fine or jail sentence. The latter suggested amendment appears to be covered by existing AS 28.20.570. The first suggestion, essentially tightening the relationship between the Act and AS 28.10 (Vehicle Registration) appears to be necessary and desirable; however, it would be susceptible to devious compliance by an individual who obtains an insurance policy, registers his car, and then cancels his policy.

Another possible amendment to tighten the Act would be repealing AS 28.20.260(b) which exempts anyone involved in an accident who establishes his freedom from fault in court from the proof of financial responsibility in the future requirement. The Department of Public Safety in 13 AAC 08.110 has implemented this section by providing that only those who "in the department's opinion" stand a "reasonable possibility" of being held liable in court need provide the required proof. Eliminating the exemption of AS 28.20.250(b) would force more people to prove financial responsibility and save the department from making its finding as to reasonable possibility of liability. However, it would also force innocent parties to accidents to buy what would probably be high risk, high cost "SR 22" insurance.

One last amendment which has been suggested may be the most effective measure. It is a suggestion which apparently arose from Mr. Block's report to the Senate Commerce Committee and will be included in that committee's bill. This approach would follow the example of New Mexico and enact a fairly stiff penalty (fine and/or jail) for any uninsured motorist who is involved in an accident in which he has any fault.

In conclusion, we should note that the whole area of automobile insurance and solutions to the problem of uninsured motorists is very complex, and no perfect solutions seem to be available. If you have any further questions or desire any additional background information on this matter, please contact us.

PBF/dp

A STUDY OF UNINSURED
MOTORISTS INVOLVED IN
REPORTED AUTOMOBILE ACCIDENTS

AUGUST 1980

ANN DURAND

INSURANCE INDUSTRY STUDIES
BY THE
ALL-INDUSTRY RESEARCH ADVISORY COUNCIL

RESEARCH REPORT A80-5

ACKNOWLEDGMENTS

This research report was carried out under the auspices of the Personal Lines Committee of the All-Industry Research Advisory Council. Additional copies of the study may be made or it may be quoted with proper attribution to the author and Personal Lines Committee of the Council. Correspondence regarding the study should be directed to the All-Industry Research Advisory Council, 7315 Wisconsin Avenue, Suite 231-W, Bethesda, Maryland 20014.

AIRAC PERSONAL LINES COMMITTEE

JOHN S. TREES, CHAIRMAN
Allstate Insurance Company

MARTIN ALBAUM
Prudential Property & Casualty Insurance Company

JOHN B. CONNERS
Liberty Mutual Insurance Company

MICHAEL FUSCO
Insurance Services Office

F. DEAN HILDEBRANDT, JR.
American Insurance Association

BARRY JORVE
The Travelers Insurance Company

DONALD W. SEGRAVES
Alliance of American Insurers

WAYNE W. SORENSON, PH.D.
State Farm Mutual Automobile Insurance Company

TERRIE E. TROXEL, PH.D.
National Association of Independent Insurers

RICHARD WOLL
Hartford Insurance Group

LORNE R. WORTHINGTON
Preferred Risk Mutual Insurance Company

EERMAN BRANDAU, COUNSEL
State Farm Mutual Automobile Insurance Company

A Study of Uninsured Motorists
Involved in Reported Automobile Accidents

Overview

A study of the characteristics of uninsured motorists and of the vehicles they drive has been done by the Personal Lines Committee of the All-Industry Research Advisory Council (AIRAC). This study was based on data obtained from official accident report forms filed with motor vehicle departments in seven states--California, Florida, Louisiana, North Carolina, Oregon, Virginia, and West Virginia. It was assumed that a vehicle was uninsured if the accident report did not show the vehicle was insured, or if the driver at the time of the accident was other than the owner and no insurance was shown.

Major findings from this study of uninsured drivers involved in reported accidents were as follows:

1. About 70% of the uninsured motorists in the study were males. In all accidents (including both insured and uninsured), almost 70% of the drivers were males, also. Thus, there does not appear to be any significant difference by sex in the insured population and the uninsured population. It is interesting to note that males, who make up 53% of all licensed drivers, were involved in a disproportionate share of accidents.
2. Uninsured motorists tended to be younger drivers. Some 46% of the uninsured motorists in the study were under age 25 compared with 38% of all drivers involved in accidents and 22% of all licensed drivers in the seven survey states.
3. About 30% of the uninsured motorists were not owners of the vehicles driven in the reported accidents. Younger drivers were less likely than older drivers to be owners (possibly a reflection of young people driving parents' cars).

4. A large proportion of the uninsured vehicles were older models. Some 46% of the uninsured vehicles in the study were 1971 models or older compared with 36% of all cars in operation.

5. A special analysis of the areas of residence of the uninsured motorists examined levels of income and of mobility. This analysis suggested that failure to have auto insurance was not restricted to a limited segment of the population (i.e., the uninsured motorists were not concentrated in any particular types of areas.)

Introduction

Although the magnitude of the problem presented by the uninsured driver to the insured public and to the auto insurance industry is difficult to measure, it has been alleged that the number of uninsured drivers is increasing and that a major reason for car owners driving without insurance is the high cost of such auto insurance. In 1978, the Personal Lines Committee of the All-Industry Research Advisory Council (AIRAC) charged a subcommittee with exploring changes in consumer behavior resulting from increases in auto insurance premium. One project initiated by this subcommittee was a study of the characteristics of uninsured motorists and of the vehicles they drive. This report summarizes the results of that study.

Methodology

Recognizing the limitations of examining aggregate statistics comparing car registrations with insured cars and of surveying consumer attitudes and behavior (possible self-reporting bias), the approach taken in this study was to examine information provided on official accident report forms that described accidents involving private passenger vehicles. Information about uninsured drivers and vehicles was provided by motor vehicle departments in seven states from the reports of accidents that occurred during a one-month period or from reports processed during a one-month period. For the purpose of this study, it was assumed a vehicle was uninsured if the accident report did not show that the vehicle was insured. Also, if the driver was other than the owner and no insurance was shown, it was assumed that there was no insurance applicable. It should be noted that data in this study describing uninsured drivers were based solely on accident reports filed in the seven survey states, and no effort was made in the course of this study to verify the accuracy or completeness of these reports.

Information was obtained from the states of California, Florida, Louisiana, North Carolina, Oregon, Virginia, and West Virginia using survey forms similar to that shown in Appendix A. The following items were collected for each uninsured driver: accident date, accident location (county), residence ZIP code, birthdate, sex, vehicle ownership, vehicle model year, vehicle make, and types of damage. States were selected to take part in this study on the basis of their ability to provide the desired information and their willingness to participate. A list of survey periods is shown in Appendix B for each participating state.

It should be noted that this method did not provide information about uninsured motorists in general, but about uninsured motorists who were involved in accidents reported to their respective state motor vehicle departments. Consequently, comparisons in this report of uninsured motorists with distributions of all drivers involved in accidents are more meaningful than comparisons with all licensed drivers (which are also provided). Because distributions of all drivers involved in accidents were not available for the seven survey states individually, data for 24 states combined were used for comparison purposes. Unfortunately, appropriate distributions of all vehicles involved in accidents by make and by model year were not available.

Summary of Results

Descriptive information was collected for a total of 6,159 uninsured motorists involved in reported accidents in the seven survey states. The number of uninsured motorists and the number of accident reports reviewed during the survey period are shown for each state in Table 1. The largest absolute numbers of uninsured motorists were found in the states of Florida (2,169) and California (1,035). The particularly small number of uninsured motorists in North Carolina (51) was probably a result of the selection criterion used by that state: information was provided only for those cases where action was being taken by the state. It is not recommended that state-to-state comparisons be made of the number of

Table 1

Number of Uninsured Motorists and Number of
Accident Reports Reviewed by State

State	Number of Uninsured Motorists Involved In Reported Accidents	Number of Accident Reports Reviewed
California	1,035	47,494
Florida	2,169	6,539
Louisiana	778	24,762
North Carolina	51	Not Available
Oregon	446	10,535
Virginia	773	38,297
West Virginia	907	4,950

uninsured drivers as a percentage of accident reports reviewed because of suspected differences in data collection methods among the participating states. This report focuses on descriptions of uninsured motorists and vehicles rather than on such comparisons of incidence for this reason.

It should be noted that the number of uninsured motorists per state may differ in subsequent tables due to varying amounts of missing data for individual survey items. Tables presented in the remainder of this report are based on valid data only.

Sex and age of uninsured motorists are examined individually in Tables 2 and 3, and Table 4 contains distributions of uninsured motorists by age and sex combined. Similar proportions of uninsured motorists involved in accidents and of all drivers involved in accidents were males. A disproportionately large number of the uninsured drivers and of all drivers in accidents were found to be males when comparisons were made with the distribution of all licensed drivers in the seven survey states. Almost 70% of all uninsured drivers in the study and of all drivers involved in accidents were males compared with 53% of all licensed drivers in the seven survey states (see Table 2 and Figure 1).

Uninsured motorists tended to be younger drivers as shown in Table 3 and Figure 2. Drivers under age 20 accounted for 20% of the uninsured motorists in the study compared with 18% of all drivers involved in accidents and 8% of all licensed drivers. About 46% of the uninsured motorists were 24 years old or younger compared with 38% of all drivers involved in accidents and 22% of all licensed drivers.

The distributions of uninsured motorists and of all licensed drivers categorized by age and sex are shown in Table 4. A similar distribution for all drivers involved in accidents was not available. Consequently, comparisons with all drivers involved in accidents by age and by sex that are shown in Tables 2 and 3 should be a consideration when interpreting information shown in this table. Young males under age 25 accounted for about one-third of the uninsured motorists for the seven states combined, but only 12% of all licensed drivers were males in this age group. Some 18% of the uninsured motorists and 37% of all licensed drivers in the

seven survey states were females aged 25 or older. Similar observations regarding the age and sex of uninsured motorists could be made for each of the seven participating states individually.

A substantial number of uninsured motorists were not owners of the vehicles involved in the reported accidents. As shown in Table 5, about 30% of all uninsured motorists in the study did not own the vehicles driven, and the percentages of nonownership ranged from a low of 20% in California to a high of 44% in Louisiana. The strong relationship between vehicle ownership and driver age (possibly a reflection of young people driving parents' cars) is apparent in Table 6. Half of the uninsured motorists under age 20 did not own the vehicles which they drove at the time of their accidents compared to 30% of those between the ages of 20 and 24. The percentage of uninsured motorists who were nonowners continued to decrease with increasing age for the other age groups shown in this table.

Distributions of uninsured vehicles by model year and by make are shown in Tables 7 and 8. Uninsured vehicles tended to be somewhat older when comparisons were made with all vehicles in operation (see Table 7 and Figure 3). About 46% of the uninsured vehicles in the study and 36% of all cars in operation were 1971 models or older. This general observation regarding uninsured vehicle age applied to all states in the study except Louisiana where 28% of the uninsured vehicles were reported to be 1971 models or older. Strikingly higher percentages of uninsured vehicles were in this age group in North Carolina (68%--but the sample size was very small) and in Oregon (64%).

There was no apparent relationship between vehicle make and involvement in a reported accident while uninsured. As shown in Table 8, the distribution of uninsured vehicles in the study by make was similar to the distribution of all cars in operation.

Residence areas of the uninsured motorists and of all people in four of the survey states were compared in an effort to determine the extent to which the failure to have auto insurance (and involvement in a reported accident) was restricted to a limited segment of the population.

Tables 9 and 10 contain distributions of income levels and of mobility (i.e., percentages of households with length of residence two years or less) for residence ZIP code areas of the uninsured motorists and comparison distributions for the state populations. This analysis was restricted to the states which supplied ZIP codes for at least 85% of the uninsured motorists and for which there were adequate numbers of uninsured. There was no consistent pattern appearing in either the income distributions or in the mobility distributions that was present for each of the four states. This suggested that uninsured motorists were not concentrated in any particular types of areas.

Further analyses of accident locations and areas of residence were done in order to discover whether there was a relationship between driving in urban areas and having auto insurance. As shown in Table 11, 32% of the accidents in Florida involving uninsured motorists occurred in Dade County (Miami) while 15% of all vehicles in Florida were registered in that county. Similarly, 39% of the accidents reported in California occurred in Los Angeles County compared to 31% of all registered vehicles (see Table 12). A substantially higher percentage of the uninsured motorists than of the total population in California resided in the city of Los Angeles--13% compared to 8%--as shown in Table 13. These comparisons seem to support a hypothesis that uninsured motorists were more likely to drive or to reside in urban areas. However, accident frequencies are higher in urban areas than in nonurban areas. Thus, since this study was based on uninsured motorists who were involved in reported accidents, these comparisons may reflect, in part, a higher accident frequency in urban areas rather than a characterization of uninsured motorists.

Consumer Affairs

(Phoenix) Arizona Republic, April 9, 1982

4-year compulsory auto-insurance plan advances

By Joel Nilsson
Republic Staff

A four-year experimental program including compulsory automobile insurance or proof of financial responsibility for all Arizona drivers was approved Thursday by the Senate Commerce and Labor Committee.

The panel revised a House-passed version by placing the provisions into law with an automatic repeal date of Dec. 31, 1986, and establishing a Mandatory Vehicle Insurance Review Commission to gauge the impact of the legislation.

As passed by the House on March 8, the provisions would have been placed in statute with no expiration date. House Bill 2333 was approved by the House on a 46-10 vote.

The committee's 6-1 approval on a bipartisan vote apparently ensures Senate passage of the

proposal, which is similar to other measures that have failed repeatedly in the Senate.

Residents would be required to carry auto insurance or other proof of financial responsibility when they register or re-register their vehicles and to sign a sworn statement that the financial responsibility will remain in effect for the entire registration period.

Rep. Bill English, R-Sierra Vista, who has introduced auto-insurance measures in each of the last four years, called the amended version "the most finely tuned measure of its kind in the entire United States."

English estimated that 40 percent of Arizona's motorists, or 600,000 people, do not have vehicle insurance.

Under the legislation, a driver cited in an accident would be required to surrender his license,

which would be returned only after demonstrating proof of financial responsibility in court.

The measure would repeal existing financial-responsibility statutes, and the Motor Vehicle Division would be required to verify annually, through random selection, the financial responsibility of owners of up to 10 percent of the state's registered motor vehicles.

Failure to prove financial responsibility would be a Class 1 misdemeanor with a minimum \$250 fine for the first offense. Subsequent offenses would carry higher fines, mandatory license suspensions and jail terms.

The proposed commission in the Department of Insurance would monitor the program to ascertain if

the number of uninsured motorists declined; enforcement and prosecution problems, if any; and determine whether insurance premiums increased as a result of mandatory auto insurance.

The measure would require that reports by the commission be forwarded to the Legislature annually.

Sen. Peter Kay, R-Phoenix, asked English whether he lacked conviction for compulsory insurance by agreeing to make it a four-year experimental program beginning Dec. 31.

English said he has "total conviction" in the program and said the expiration was "part of the political

deal I cut with Senator Corbet," referring to Senate President Lou Corbet, R-Phoenix.

Also adopted by the panel was an amendment that would prohibit "stacking" of underinsured and uninsured-motorist coverage.

Stacking — allowing damages that exceed policy limits in one category to be paid from the other category — was opposed by insurance companies but defended by David Gage, representing the Arizona Trial Lawyers Association.

Gage contended the anti-stacking provision was "a hidden trap for the unwary" and was "designed to reduce insurance-company payouts."

Consumer Affairs

PHOENIX, Ariz. (AP) — March 15, 1961

Compulsory auto-insurance bill gets tentative OK in House

By Don Harris
Reporter Staff

The Arizona House late Monday tentatively approved a bill calling for mandatory automobile insurance with a provision that could land violators in jail for 48 hours.

The measure, House Bill 2129, also increases the minimum coverage for liability and property damage and sets up procedures for tracking down uninsured motorists.

Another aspect of the bill would declare a driver's license to be suspended or revoked if it were found that the driver lied about having insurance coverage when he registered his vehicle.

House members debated the comprehensive and complex bill for more than an hour before tentatively approving it in a standing vote, 31-6.

The bill is certain to receive close scrutiny in the Senate. Senate Presi-

dent Leo Corbet, R-Phoenix, commented, "All the information we get is that it will raise the price of insurance. We're not interested in doing that. The bill has some good features. We will look at it and try to extract those good portions."

Corbet questioned the constitutionality of sending a motorist to jail for failing to have insurance. He said the U.S. Constitution prohibits jailing a person for failing to pay a debt.

As originally prepared, the measure would have mandated a 48-hour jail term for any uninsured motorist involved in an accident. The amended version that was adopted provides for a hearing procedure in which the two days in jail would not be served until the driver was found guilty by a magistrate.

Rep. Bill English, R-Sierra Vista, chief sponsor of the bill, said a motorist accused of failing to have

insurance could attempt to avoid jail by making a plea that he thought, in good faith, he was insured.

English urged passage of the bill, saying it is needed to "help those poor folks who are damaged irreparably" by uninsured motorists.

"We need to take a firm grip on this," he said. "We need to get tough. It is totally irresponsible to be

driving on the streets without adequate insurance."

Rep. Rhonda Thomas, R-Phoenix, successfully amended a provision on the minimum allowable coverage. Present standards call for \$15,000 liability coverage for injury to one person, \$30,000 for injury to two or more, and \$10,000 for property damage. The bill proposed to push those to \$25,000, \$50,000 and \$15,000, respectively. Mrs. Thomas' amendment sets the minimums at \$20,000, \$40,000 and \$10,000, respectively.

She charged that, under the original proposal, insurance rates would have increased by about \$80 a year, roughly a 10 percent boost. Mrs.

Thomas said that under her proposal, rates would go up about 6 percent.

Rep. Clare Dunn, D-Tucson, criticized the provision that calls for a random sampling each year of 10 percent of the licensed drivers to uncover uninsured motorists who lied about their financial responsibility when they registered their vehicles.

If a motorist failed to respond to the survey notice mailed by the Motor Vehicle Division, it would be assumed under the terms of the bill, that the motorist did not have insurance. That would enable the state to revoke the individual's license.

"Get ready for some real havoc in your district," Miss Dunn said, warning that someone on vacation who failed to respond in time would lose his license.

New auto insurance law is tougher, but still has problems

By SUSAN HEADDEN

A 29-year-old driver crosses the center line on a busy street and crashes head-on into another car, killing both its occupants.

The victims are parents and breadwinners. Their family suffers not only personally, but financially, because the motorist who caused the accident is uninsured.

"You could legitimately expect a jury award of about \$400,000," said Indianapolis attorney Andrew Young, who handled such a case. "But there's no point. That family will go uncompensated."

IN RECENT years, the risk of causing a serious accident has not been enough to keep an estimated 13 percent of Indiana's registered motorists from driving without insurance. But their habits may change after Jan. 1, when changes in the state's "proof of financial responsibility" law will go into effect.

The changes, adopted by the 1983 General Assembly, will require motorists to show proof of insurance before they register vehicles. Violations will be Class C misdemeanors, carrying penalties of up to \$500 and 60 days in jail.

While it stops short of being a compulsory insurance law, the new statute is tougher than its predecessor. The current law requires that proof be shown only after the fact — in the case of an accident in which a driver causes death, personal injury or prop-

erty damage in excess of \$200. Penalties are limited to a two-year suspension of a driver's license.

SUPPORTERS HOPE the new law will provide added protection for all road users. For others affected by it, the law carries various consequences:

Major insurance companies stand to lose money, as well as self-control. The Bureau of Motor Vehicles will gain responsibility and paper work. And agents specializing in writing policies for high-risk motorists are expected to do a land office business.

According to Rep. Jeffrey J. Espich (R-Uniondale), who sponsored the bill, uninsured drivers account for 20 to 30 percent of Indiana's traffic accidents.

Because many of the uninsured have poor driving records, they often are able to buy insurance only from companies that specialize in high risks and charge correspondingly high prices.

ONE SUCH AGENT, Robert Friedmeyer of All Risk Insurance, reports a surge in inquiries since the law was passed. He expects a boom in his business by the first of the year.

"They put a few little teeth into the law and it will make people think twice about driving without insurance," Friedmeyer said. "So far, people think it's compulsory — and we haven't bothered to enlighten them."

— Likewise, larger companies and

agents looking to the average risk client will take on more customers. But they're not as pleased as the high-risk specialists with the prospects for new business.

Insurance customers, like clients of banks and law firms, come in degrees of desirability. And like the least credit-worthy mortgagor and the lawyer's charity case, there are drivers whom even All Risk won't insure.

FOR THE HEAVY-FOOTED and the accident-prone, there is the assigned risk plan — a pool of the highest-risk drivers, whom insurance companies must accept at relatively low rates. Under the new law, the assigned risk pool (now representing 0.3 percent of the driving population) is sure to grow — but it won't bring in any more profits for the insurance companies.

"The assigned risk pool has never been self-supporting," said Charles Van Arsdale, president of the Insurance Institute of Indiana and an opponent of the law. "They have always been a loss factor, and that will be passed on to the normal insured in the way of higher rates."

Expansion of the assigned risk pool is only part of the problem the law poses for the insurance industry.

CRITICS SAY THE new provisions lay the foundation for a compulsory insurance law, wrapped in red tape, that would increase costs for the consumer and the industry.

"The common result," Van Arsdale said, "is a complex bureaucracy and the need for insurance companies to exchange information with the department of motor vehicles. And this will lead to an increase in premiums."

According to opponents and propo-

nents of the new law, the greatest threat to its effectiveness — and to simplicity — is enforcement.

A committee continues to work details, but so far all the Bureau of Motor Vehicles plans to do is require that motorists registering vehicles make a sworn statement saying they have a policy of a given number with a given insurance company.

THE SIGNATURE will get the motorist a license plate, but short of risks of a perjury conviction, nothing stands to prevent an applicant from making up a policy or from holding one just long enough to register a vehicle and then canceling it.

"They'll see that it's not working," Van Arsdale said. "Then they'll start to patch it up, and you will see the workings of a full-blown mandatory insurance bill."

The difference between the provisions in the Indiana law and mandatory insurance laws — such as the ones in Massachusetts and New Jersey — is that Indiana's calls for a one-time proof of coverage. In the other states, motorists are required to carry proof at all times and may be fined if they are stopped by a policeman and don't have any.

THE LICENSE branches plan to make verification checks of a random sample of applicants, but insufficient money and manpower probably will make careful monitoring impossible, said Michael M. Packard, commissioner of motor vehicles.

Likewise, representatives of insurance companies say costs prohibit their producing identification cards and notifying the appropriate license branch every time a license-holder cancels a policy.

I.D. cards and notification are fea-

tures of the "full-blown" law that the industry has historically opposed.

"Indiana has some of the lowest insurance rates because we've been able to stay away from (mandatory insurance)," Van Arsdale said. "We like it that way. We don't want policyholders to have to pay through the teeth for those who are irresponsible."

HE SAID THAT insurance companies already offer extra protection for their regular policyholders against drivers who have no coverage.

The coverage, which 99 percent of Indiana drivers buy for about \$10 a year, now extends only to property damage in excess of \$200. But under terms of a new law (which the industry intended as a substitute for mandatory insurance law and which goes into effect Sept. 1) it will cover personal injury as well.

"We're already paying for them," said Espich of bad-risk motorists. "Penalties with no help from them."

Although the new law remains unattractive to insurance companies concerned with the marketplace, it does

require more high-risk motorists to assume responsibility for their actions and to contribute to the costs of ensuring the safety of all motorists.

THE DEGREE of compliance remains to be seen.

Van Arsdale predicted: "The responsible people will still be willing to drive without it, and the others, those who can't even afford to buy food, still won't buy insurance."

Espich commented: "I'm satisfied for today. We'll see how it works, then worry about the changes."

Consumer Affairs

New Haven (Conn.) Register, January 30, 1981

Proposals would tighten insurance law

By LYNNE DeLUCIA
Staff Reporter

Lawmakers have mapped out several avenues to close the gap in the state's automobile insurance card law, which provides drivers with an easy method to circumvent the intent of the statute.

The law, approved two years ago by the General Assembly, requires insurance companies to issue insurance identification cards to motor vehicle owners. The cards must be issued when a policy begins or is renewed.

The cards must be presented at the Department of Motor Vehicles in order to register a car. The department will not issue or renew a vehicle registration unless the card is presented.

Failure to carry the proof of insurance card could result in a \$500 fine.

The intent of the law was to provide a way to keep uninsured motorists off the road.

But the loophole in the law is simple. Drivers make one payment on an insurance policy — just to get the insurance card — then cancel the policy.

When the original law was written, critics told lawmakers that the proposal would be easily foiled. But proponents argued that the majority of residents

would be honest enough to maintain their automobile insurance coverage.

It seems lawmakers are misled that their attempt to guarantee that all motorists have no-fault automobile insurance is being dodged by a basic, simple maneuver.

Rep. Benjamin DeZirno, D-Meriden, has proposed that an insurance company notify the Motor Vehicle Department immediately when an automobile policy is dropped.

Rep. Paul Gionfriddo, D-Middletown, has taken DeZirno's idea one step further. He suggests that the MVD revoke the automobile registration of a driver who cancels his or her insurance policy.

A more sophisticated approach has been offered by Rep. Edward Krawiec, R-Bristol. He suggests that a computer-based system replace the no-fault insurance identification card.

The computer system would list all the licensed motorists in the state. Insurance companies would be required to maintain an up-to-date log of their clients.

The newly appointed Senate chairman of the Insurance and Real Estate Committee, Frederick Knows, D-Clinton, said the insurance identification

card system must be reviewed this year.

Knows said the intent of the current law is "very good," but that too many motorists have discovered an easy way out.

"There have been some problems. Some changes may be needed," he said.

The MVD did not submit legislation this year to change the insurance card law.

Don Byers of the department said that most of the "links" have been ironed out since the law took effect last January.

The first months of the new law were difficult for the department and the consumer. Problems arose when consumers who were unaware of the law came

to the department to register their cars, only to be turned away because they did not have an insurance card.

Some insurance companies were backlogged and did not issue the cards on time to clients, but Byers said most of the problems have been resolved.

The insurance industry last year opposed suggestions that companies be required to notify the MVD when a policy is canceled. The industry argued that the notification system would be too costly. It has no plans to submit legislation to change the system.

Consumer Affairs

Charleston (W.Va.) Gazette, January 31, 1980

Auto Insurance Bill Is Popular, But It Has Opponents

By Fanny Seller
Staff Writer

Compulsory automobile liability insurance has struck a popular note in the Legislature and House Speaker Clyde See, D-Hardy, predicted Wednesday the House would pass it.

"I don't think it would be a particularly close vote," See added.

But the legislation isn't assured of reaching the House floor. It has to be reported out by the Banking and Insur-

ance Committee. Committee Chairman Clarence Martin III, D-Berkeley, an opponent of the proposal, said he wants to look into ways to improve the present system. But he said it's up to the committee to determine what action to take.

Senate Insurance Committee Chairman Robert Rogers, D-Boone, a sponsor of compulsory insurance for several

years, predicted it would pass the Senate. He made the prediction at a public hearing after proponents and opponents gave their views.

OPPONENTS OF compulsory insurance said it would increase insurance rates for the low-risk drivers who already have insurance, but there still would be a high number of uninsured motorists and administrative costs would drain the state's budget at a time when inflation is already taking its toll.

Proponents argued that the present system isn't working.

Opponents outnumbered proponents, and were generally insurance industry spokesmen. However, John Hall, chairman of the insurance department and professor at Georgia State University, spoke in opposition, coming to Charleston at his own expense. He had done a study as a consultant hired by the South Carolina Legislature. South Carolina, according to Martin, is one of the states with compulsory insurance now considering, ending it.

Hall said he once was a proponent of compulsory insurance, but now opposes it because rates increase, greater pressure is brought to bear on the rate regulation process that becomes "highly political" as a result, and because enforcement efforts usually fail.

Hall said high hazard drivers tend not to be insured and under compulsory insurance they pay higher rates. But because they pay higher rates, they become vocal in their complaints to the regulatory agency which is faced with a dilemma because the high-hazard driv-

er can't afford the high premiums. As the regulatory agency becomes political, it tends to bend under pressure from the vocal high-risk driver and low-risk drivers have to subsidize the high-risk drivers.

IN ADDITION, Hall said rate levies are depressed by the regulator agency and when losses are incurred, insurers tend to make them up from more profitable lines such as commercial business.

Grover Creech, regional vice president for the American Insurance Association, representing 150 companies, said North Carolina had 45 full-time highway patrolmen at one time tracking down drivers whose insurance had elapsed. Frank Norton, president of Inland Mutual Insurance Co. of Huntington, said North Carolina and New York couldn't enforce it. He said he favored a system like Virginia's which gets the driver with a high accident record off the road and put him in jail.

Robert Showen, representing the Independent West Virginia Insurance Federation, said compulsory insurance would cause an additional cost to the policyholders and the taxpayers.

But on the proponents side, Delegate Durrell Holmes, D-Kanawha, said an uninsured motorist who was drunk hit his son, causing \$1,500 in damage to his vehicle. He said the police charged the uninsured motorist with public intoxication, and the driver is still allowed to drive, which he does for a living. Holmes said the Department of Motor Vehicles wouldn't take the driver's license because he needed it. Holmes said he supported compulsory insurance or another change to make the present system work.

PHARES READER, retired from the West Virginia Education Association, said he represented 300,000 retired persons in West Virginia as spokesman for the Association of Retired People. He favored compulsory insurance and said he couldn't see the great complications presented by the insurance companies.

Bill Aiken of the West Virginia Farm Bureau also favored a compulsory plan that was "just and fair to all." He said his organization had 6,500 farm members.

Delegate Joseph Caudle, D-Berkeley, spoke in favor of compulsory insurance because he said there's a \$300 deduction under the present uninsured motorist law which has to be paid by the motorist who is hit by an uninsured driver.

Consumer Affairs

(Jacksonville) Florida Times-Union, February 15, 1981

Mandatory auto liability insurance pushed

By RANIMOLPH PENDLETON
Times-Union Coastal Bureau

TALLAHASSEE — Twenty-five years ago when \$5,000 a year was a substantial salary and hospital rooms were a small fraction of what they are today, \$10,000 in auto liability insurance was pretty good protection.

Today, with hospital rooms going for \$100 a day and \$5,000 is below the minimum wage level, \$10,000 will not go far in reimbursing an accident victim.

Nonetheless, the minimum required insurance for drivers is no higher today than it was then.

In fact, under no-fault insurance,

the driver is now required to carry liability insurance are those who have had accidents. They must have coverage of \$10,000 per person with a maximum of \$20,000 per accident, and \$5,000 property damage.

All drivers must have \$10,000 in personal injury protection, which means their medical bills will be paid up to that amount regardless of fault.

There is no reliable figure on the number of drivers without liability insurance in the state, but there are estimates that it is at least 45 percent of those on the highways and is considerably higher in South Florida where insurance rates are considerably higher than in the rest of the state.

The prospect of all of these drivers with no insurance to protect anyone they might run into is alarming to Sen. Richard Langley, R-Clermont.

Langley has introduced a bill that would require liability insurance of \$25,000 per person with a maximum of \$50,000 per accident and \$10,000 property damage.

Thus far there has been no great clamor of support for the legislation.

Deputy Insurance Commissioner James Hamlin says the insurance commissioner's office opposes it at this time because auto insurance companies are in court fighting an order to return excess profits to their

policyholders and increasing the limits would increase their profits.

On the other hand, the insurance industry is opposed to mandatory liability insurance because it would force companies to insure people who are poor risks.

Ralph Cobb, in the financial responsibility section of the Department of Highway Safety and Motor Vehicles, thinks it would be impossible to enforce, particularly in a state where many of the drivers are tourists.

In fact, Cobb says, there probably are more people with liability insurance now than there would be if it were mandatory.

"If you tell people in the office not to wear green socks tomorrow, someone will wear them to see what you're going to do," Cobb said.

Langley said that before a person can support mandatory liability insurance, "There is a philosophical threshold you have to pass first: Whether it is a privilege to drive in Florida or a right, I think it is a privilege."

Having crossed the threshold, Langley feels the fact that some drivers might be kept off the roads because they could not afford compulsory liability insurance is an inadequate argument.

"There are lots of things I can't afford to do," Langley said.

Langley said he now must make up for the lack of compulsory insurance by buying uninsured motorist insurance to protect him if he is hit by someone without insurance. Although he still might need the insurance to protect against someone ignoring the law, he feels the rates would be lower for the uninsured motorist coverage if there were a compulsory liability insurance law.

"Now I'm paying for the other guy's insurance and he has the privilege of driving on the road," Langley complains.

Consumer Affairs

Wilmington (Del.) Evening Journal, February 2, 1978

State Prepares Tighter Rules For Its No-Fault

By NANCY KESLER
Dover Bureau

DOVER — The Delaware Insurance Department today proposed legislation to tighten provisions of the no-fault insurance law and crack down on uninsured motorists.

David H. Elliott, state insurance commissioner, said the bill will require insurance companies to issue identification cards to their policy holders. The cards must be carried along with the registration card.

Any individual driving a car stopped by a policeman or involved in an accident must produce the insurance card. If the driver is not able to produce the card, it will be presumed the auto is not covered. However, the driver will be given 24 hours to show proof of insurance. This portion of the bill would reverse a court decision which presently requires the state to prove that a motorist has no insurance.

The bill also would impose fines for driving without insurance. A violator would be fined a mandatory \$200, although the fine could go as high as \$1,000.

On conviction for driving without insurance, an individual's driving privileges would be revoked until proof of insurance is furnished. The courts also may deny driving privileges for up to six months if circumstances warrant additional penalties.

Aside from the legislation, Elliott said, each individual who

registers a motor vehicle would have to put on file the name of his insurance company.

The insurance commissioner said about 20 percent of the state's drivers are not insured and the problem is not mentioned often by the public. He said the legislation he is recommending should reduce significantly the number of uninsured motorists without placing a burden on the majority of drivers who abide by the law.

Consumer Affairs

Delaware (Del.) Evening Journal, March 13, 1979

State Acts to Curb Uninsured Driver With New Card Policy

In an attempt to crack down on uninsured drivers, state Insurance Commissioner David H. Elliott has ordered auto insurance companies to send policyholders dated identification cards each year.

The proof-of-insurance cards, which have been sent out without expiration dates, are required before a car owner can get Delaware license tags. State officials say some motorists allowed their policies to lapse, but continued to

renew license tags by using old, undated cards.

Elliott also said yesterday he would no longer require insurance companies to report all auto policy cancellations. Instead, only cancellations of first-year policies must be reported. The volume of policy cancellations, officials said, was swamping the Motor Vehicle Division.

Division Director Robert J. Voshell had said earlier his division was able to check only one quarter

of the cancellation notices. Elliott has estimated 20 percent of the state's drivers are uninsured.

"Now we can concentrate on the first-year people who cancel," Voshell said. "We think they're the ones trying to beat the system."

The new identification cards, Voshell said, should aid in detecting cancellations of policies in effect more than a year. "If someone cancels an older policy, he won't get an annual card," he said.

Consumer Affairs

Honolulu, Hawaii) Bulletin & Advertiser, April 12, 1978

Tough no-fault bill wins passage

By DOUGLAS WOO
Advertiser Politics Writer

Those who are driving without no-fault insurance coverage: Beware.

The House yesterday passed and sent to Gov. George Ariyoshi a tougher no-fault law that would require judges to fine violators at least \$100 and impound uninsured vehicles.

The bill was one of 23 passed by representatives on final reading at the Legislature, which is preparing to adjourn Friday. Other measures passed to Ariyoshi yesterday would:

- Increase the income tax deduction for the deaf, blind and totally disabled from \$5,000 to \$7,000.

- Require boards that regulate professions to have members of the public — as well as members of the professions — sitting on them.
- And set up energy conservation standards for new building designs.

The no-fault insurance measure, which would go into effect Sept. 1 if signed by Ariyoshi, targeted a major problem in the 3-year-old law — enforcement.

The existing law does not give clear authorization to police to demand proof of no-fault coverage from motorists they stop for other reasons. In addition, it has been criticized for not providing adequate guidelines to the courts for punishing violators.

The new law would require drivers to produce their no-fault cards to police upon de-

mand. No-fault proof would be required also for safety inspections which, in turn, are needed for automobile registration.

The bill sets a minimum fine of \$100 which cannot be suspended and requires the court to suspend or revoke an uninsured vehicle's registration and the license of the uninsured driver in addition to impounding the car.

The bill also requires applicants for a driver's license to show proof of no-fault coverage.

Also passed and sent to Ariyoshi were bills to:

- Create an office of tourism in the Department of Planning and Economic Development, to coordinate policies relating to the visitor industry.

- Increase the period of notification of rent increases by landlords.

Under present law, such notice must be given at least 28 days prior to the end of a month-to-month tenancy. The bill increases the period to 45 days.

- Permit landlords to post notice, when tenants cannot be served in person, so eviction proceedings can begin.

- Give the Board of Land and Natural Resources authority to promulgate regulations for exploration and development of geothermal resources.

- Set a ceiling of \$1 million on the state's liability in insuring aquaculture loans from private lenders.

Insurance Rush Is On, Drivers Toe Line of Law

By PAUL ATKINSON

It's cash on the barrelhead or a loan from a finance company for many customers rushing to get compulsory auto liability insurance by Saturday.

One insurance agent said he knew of a \$1,500 loan to finance a liability policy.

That was part of the picture Wednesday as insurance agents and companies reported booming business a few days before Louisiana's experiment with compulsory auto liability insurance officially kicks off.

Apparently, most of the new business is going into what is called the Louisiana Automobile Insurance Plan or high

risk pool. John Hilbig, regional manager for the Insurance Information Institute, said he found among member companies their regular business was about the same but their high risk business was surging.

The manager of the high risk pool, John W. Dingman, said his office had processed more than 18,000 applications through last weekend easily breaking the one-month record of 11,000.

Starting Saturday, the state Department of Public Safety will begin checking all auto accidents to determine if

the vehicle owners were insured.

Even now, said Leroy Havard, assistant secretary of the office of motor vehicles of the Department of Public Safety, motorists are being required to certify they carry the liability insurance for truck license renewals and for renewals of private passenger auto licenses that expire July 31.

Arthur M. "Arue" Caron, secretary-treasurer of the John W. Dussoy Insurance Agency, said that customers are being sent to the finance company if they don't have the cash.

Caron said much of his new business is going into the high risk pool. That plan requires that insurance agents remit the first year's premium in cash or certified check.

Some customers don't have the cash, said Caron, so they are being sent to finance companies. "They get as good rates as from banks," said Caron.

Caron said one loan was for \$1,500 to finance a policy.

As alternatives to liability insurance, the motor vehicle owner could post a motor vehicle liability bond, deposit \$10,000 in cash, bonds or stocks with the state treasurer or get a self insurance certificate issued by the Department of Public Safety. Neither alternative is being used much.

A spot check of insurance agents and companies by The Times-Picayune showed an almost-unbelievable demand for liability insurance policies.

"They are driving us nuts," said Caron.

A veteran State Farm Mutual insurance agent, Joseph Helwick, said he needed a telephone to handle the telephone lines at his office.

Roger Holden, district manager for Travelers Insurance Co.'s Louisiana operations, said, "new business is about four times as great this year as it was in 1977."

As noted, many of the new insureds are going into the Louisiana Auto Insurance Plan or the high risk pool.

Dingman, manager of the plan in Louisiana, said he has had to leave his own office so clerks could use it to process the applications.

"Our old record for a month was 11,000 applications processed in May," said Dingman, looking at mail bags full of applications, "but through last Friday we had done nearly 18,000 in June. I expect we'll go 20,000 or better this month."

Dingman's office, in effect, is really a middle man, passing the policies on to conventional companies such as State Farm, Allstate or Travelers. State Farm, the state's largest auto insurance underwriter with about 28 percent of the market, gets about 25 percent of the so-called high risk business also.

That has caused drastic changes at State Farm's regional office in Monroe.

Continued

Billy E. Wilson, service superintendent for Louisiana, said he has had to create a high risk department. "Where we had only about 3,000 high risk policies in 1976 we expect to go as high as 30,000 before the end of 1978," he said. "The staff was three people and now it is 20 but we are still sinking."

H. P. Walker, administrator for the state Insurance Rating Commission, said his office is literally being swamped with policies. By law, the Insurance Rating Commission is required to keep records on all policies written.

"We got in an all-time record 81,346 policies last week," said Walker. "That averages out to about 12,279 a day in other years we would average about 5,200 a day."

Walker said he is sticking by an earlier prediction that by Saturday or shortly after 80 percent of the motor vehicle owners will have liability insurance.

He had earlier estimated that between April and July 1 more than 400,000 new liability policies will be sold.

He expects 1.9 million vehicles out of a total of 2.4 million will be insured.

The compulsory law requires that

motor vehicles registered in Louisiana be covered by liability security with limits of \$5,000 per person and \$10,000 total for all bodily injuries resulting from one accident and \$5,000 for property damage.

Those who are caught without the required security can have their vehicle registration revoked and can lose their driver's license for 30 days to one year.

If a person falsely swears that he has the required security, he can lose his vehicle registration and his driver's license for six to 18 months. Additionally, he can be fined not more than \$125 or be imprisoned for not more than 30 days.

Havard said the Department of Public Safety's \$1.24 million appropriation came through untouched in the governor's spending bill.

He said he is now going through state Civil Service to set up a staff to enforce the law. The funding will allow for a staff of 65 with 25 handling the revocation of driver's licenses.

"We hope to have our people on board by July 30," said Havard. There will be a training period leading up to strict enforcement by September.

Consumer Affairs

(New Orleans, La.) Times-Picayune, June 18, 1978

80 % of La. Motorists Predicted to Have Liability by July 1

By PAUL ATKINSON

A top official of the Louisiana State Insurance Rating Commission predicts that nearly 80 percent of the state's motorists will have their required auto liability insurance by the July 1 enforcement deadline.

III' Walker, administrator for the rating commission which keeps all insurance policies, said he expects as many as 400,000 new policies to be sold from April 1 to July 1.

"If things continue as they are going," he said in a weekend interview, "we will have 75 percent to 80 percent of the vehicles covered by liability insurance by July 1."

Walker said about 65 percent of the vehicles were insured on April 1 - indicating the massive increase.

He said there are an estimated 2.4 million vehicles and "the way things are going just over 1.9 million should be insured by July 1."

Meanwhile, the state police are gearing up to begin enforcement of the new law in July.

Leroy Havard, assistant secretary of the Office of Motor Vehicles of the Department of Public Safety, said that beginning July 1 his office will begin checking every one of the estimated 165,000 accidents a year to determine which vehicles carried the required liability insurance.

If it is found a vehicle owner doesn't have liability insurance, Havard said he faces suspension of his driver's license for at least six months and suspension of his motor vehicle registration.

Havard said he has heard from insurance agents they are doing a booming business and he also expects 80 percent compliance with the law by July 1.

Mrs. Virginia Morgan, chief file clerk for the general insurance section

at the rating commission, said that the workload has "increased tremendously" in the last two months. She said they are handling about 35 percent more policies a day.

"We have some clerks coming in at 7 in the morning because they want to catch up," said Mrs. Morgan.

Havard said that so far the Department of Public Safety's \$1.34 million budget for the 1978-1979 fiscal year beginning July 1 is intact with the appropriations bill now in the Senate.

The funding will provide for the hiring of 65 new personnel, most of them to be revocation officers, he said.

Havard said the main enforcement tool for his office will come through checking all the 165,000 accidents. He said reports of the accidents will be received and the owner of each vehicle will be sent a notice asking for insurance information.

Once this is returned by those in the accidents, the insurance companies will be asked if the policies were in force. Should the insurance companies tell his office there was no insurance, the vehicle owner will be notified he will be given an opportunity for a hearing.

"We know the insurance companies can make a mistake also," said Havard. Once it is conclusively determined there was no insurance and the vehicle owner falsified the information, Havard said his officers will move in to pick up the driver's license.

Havard said vehicle owners will also have to certify they have liability insurance when they get their safety inspections and when they get a motor vehicle license. "So they will have to certify this three times in two years," said Havard.

He admitted that officials in this instance "will be basically taking their word."

But he said the idea of requiring an insurance ID card proposed earlier has been scrapped as too costly. "Where that has been tried elsewhere it hasn't worked," he said. "You have deterioration and the insurance companies just pass the cost of this on to increased rates."

Havard said there will be periodic spot checks by computers to see that vehicle owners are complying with the law.

The law provides that vehicle owners must have liability coverage of \$5,000 for injury to one person or \$10,000 for two or more and \$5,000 for property damage or else show other financial responsibility.

chusetta will be coming to Louisiana to take the bar exam."

Bernard's no-fault legislation was completely stymied in the House Commerce Committee, while Gristbaum's compulsory liability legislation sailed through the House, 62-33, and the Senate, 28-11.

Interviewed Friday, Bernard said what will happen this session in efforts to repeal the legislation is anybody's guess. He said, however, he won't be bringing back his no-fault legislation this session.

He predicted the enforcement of the compulsory liability law "will be a big mess."

Bernard stressed that the Insurance Commissioner's office will have nothing to do with the enforcement of the compulsory liability law.

He said he sees all sorts of pitfalls, including drivers buying policies and then letting them drop immediately.

Insurance industry officials say they haven't seen a great surge of business.

Most officials believe that the major portion of the uninsureds will wind up in the Louisiana Insurance Plan, which is the high risk pool.

Even that plan, however, is not reporting the boxcar type of numbers

that it will take to gain compliance with the law by July 1.

John W. Dingman, manager of the plan, said Friday that the plan applications have increased from 13,063 in 1975, to 35,403 in 1976 and to 22,737 in 1977.

"In the first three months of 1978 we have shown a 27 percent increase over the 1977 total," said Dingman. "That's 17,657 applications in 1977 and 22,403 in the first three months of 1978."

Incidentally, the Louisiana Insurance Plan drivers may be facing a rate hike of more than 27 percent effective next month. Dingman said his board has authorized him to apply to the Louisiana Insurance Rating Commission at its May meeting for a rate hike that will be somewhere below the 27 percent hike sought four times in 1977 and earlier this year.

Dingman said it is easily possible that the insurance plan membership will go as high as 200,000 before the end of the year, but this depends mostly on how much enforcement the state intends to give the law.

Checks with the regular insurance industry indicate the same business trend.

John Grush, a general insurance agent, said his firm, Grush and Manard, had good demand in October and November of 1977 when people thought the law was going into effect on Jan. 1,

1978.

"We have good demand this year but I don't think it is because of the compulsory liability law," he said. "People don't mention it."

Bake Foster, with Aetna Life and Casualty Co., said, "Our auto insurance business has increased but I am not sure if it's the compulsory liability law or we are more competitive in our rates than we were six months ago. We do expect an increase in business."

Albert Aparicio Jr., a general insurance agent and president of the Independent Insurance Agents of New Orleans, said he found a surge of the uninsured coming forward last year when the law was signed by Gov. Edwards.

"I think the ones who are going to be the hangers-on are the less responsible segment or the don't cares," he said. "We found business increase but there has been a leveling off."

Drivers will be able to buy auto liability insurance, the insurance agents promised.

"There will be no reason for a person who has a valid driver's license in Louisiana not to get insurance," said David J. Dessauer, an insurance agent. "But he is going to pay for it, it is there. He will pay what his driving record has established."

Dingman agreed, "The insurance is available. There is a market for it."

2 of 2

Consumer Affairs

(New Orleans, La.) Times-Picayune, April 23, 1978

State Will Enforce Liability Law

By PAUL ATKINSON

More than 700,000 uninsured Louisiana drivers may be in for a rude awakening this summer -- the state apparently means business in enforcing the compulsory auto liability law.

Leroy Havard, assistant secretary of the state's Office of Motor Vehicles, said Friday that Gov. Edwin Edwards has recommended a \$12 million allocation in the 1978-1979 budget to begin enforcement of the new law which goes into effect July 1.

A spot check of insurance agents indicates that there is going to be a great last-minute crush or else a lot of drivers hope they can avoid detection. They say they just haven't seen the business.

Avoiding detection may not be so easy. Havard said the budget will fund 25 revocation officers -- about seven of whom will be stationed in the New Orleans area to pick up the driver's licenses of those who are found to be without liability insurance -- and 40 clerical and administrative personnel operating out of Baton Rouge.

Havard pointed out that drivers are going to have to either show their insurance policies or an insurance identification card or they will not be able to get brake tags in New Orleans or at safety inspection stations around the state.

He said he believes this requirement in itself will be a strong deterrent prodding a driver to get insurance.

Additionally, drivers will have to sign affidavits attesting to the fact they have auto liability insurance when they once again get their auto license plates next year.

The new law was passed by a 2-to-1 margin at the 1977 session of the Legislature, but the effective date was delayed until July 1, 1978.

It provides that a driver must have \$5,000 liability coverage for one injured person, \$10,000 for two or more persons injured in an accident and \$5,000 for damages to property.

Legislation has been introduced in the 1978 session to repeal the law before it even goes into effect.

Havard said that because of this uncertainty, his office has not ordered the insurance certification forms or hired the additional personnel yet. But this will be done immediately on July 1 when it is certain the law is not going to be repealed and a new state budget year begins.

"I don't think we will have any trouble finding the personnel," he said. "Most will come from this office. We could begin real strict enforcement -- having our revocation officers at their posts -- by Sept. 1."

Under the provisions of the bill, if it is found by the Department of Public Safety Motor Vehicle Division that a driver does not have the minimum coverage, he will be stripped of his driver's license for six months up to 18 months. Additionally, he could be subject to a \$125 fine or a 30-day jail term for a false declaration of liability insurance.

Havard also believes that the threat of taking a person's driver's license for six months gives the law strong teeth.

"In some states if they find a person does not have liability insurance, he

can get his license back once he gets insurance," said Havard.

"But our law says that the person will have to give up his license for at least six months, even if he goes out immediately and buys the liability insurance. So this is stronger."

Havard said the Department of Public Safety will also check every accident to see that those involved in the accidents have liability coverage. If they don't, their driver's licenses will be suspended for six months.

Even if the revocation officers are not physically able to go out and pick up a person's driver's license, said Havard, this revocation is entered into the Department of Public Safety's computer. The driver would be subject to being detected if he is stopped for a traffic violation and a computer check is run.

The compulsory liability law is very likely to generate more controversy during this session of the Legislature.

Metairie state Rep. Charles Grisbaum spearheaded the drive to get the law enacted last year, hitting it at the right time. He pushed it through while State Insurance Commissioner Sherman A. Bernard was heating up the airwaves with a \$60,000 campaign to pass his version of the compulsory no-fault auto insurance legislation.

Bernard opposed the compulsory liability law strongly, saying at one time that it would produce a field day for lawyers.

"It is going to make Louisiana the most fertile hunting ground for lawyers of any state in the union," he said last summer.

A lot of lawyers who have been coming cabs where they passed no-fault legislation (such as Mass-

1 of 2

chusetta will be coming to Louisiana to take the bar exam."

Bernard's no-fault legislation was completely stymied in the House Commerce Committee, while Grisbaum's compulsory liability legislation sailed through the House, 62-33, and the Senate, 28-11.

Interviewed Friday, Bernard said what will happen this session in efforts to repeal the legislation is anybody's guess. He said, however, he won't be bringing back his no-fault legislation this session.

He predicted the enforcement of the compulsory liability law "will be a big mess."

Bernard stressed that the Insurance Commissioner's office will have nothing to do with the enforcement of the compulsory liability law.

He said he sees all sorts of pitfalls, including drivers buying policies and then letting them drop immediately.

Insurance industry officials say they haven't seen a great surge of business.

Most officials believe that the major portion of the uninsureds will wind up in the Louisiana Insurance Plan, which is the high risk pool.

Even that plan, however, is not reporting the boxcar type of numbers

that it will take to gain compliance with the law by July 1.

John W. Dingman, manager of the plan, said Friday that the plan applications have increased from 13,063 in 1975, to 35,403 in 1976 and to 82,737 in 1977.

"In the first three months of 1978 we have shown a 27 percent increase over the 1977 total," said Dingman. "That's 17,657 applications in 1977 and 23,403 in the first three months of 1978."

Incidentally, the Louisiana Insurance Plan drivers may be facing a rate hike of more than 20 percent effective next month. Dingman said his board has authorized him to apply to the Louisiana Insurance Rating Commission at its May meeting for a rate hike that will be somewhere below the 27 percent hike sought four times in 1977 and earlier this year.

Dingman said it is easily possible that the insurance plan membership will go as high as 200,000 before the end of the year, but this depends mostly on how much enforcement the state intends to give the law.

Checks with the regular insurance industry indicate the same business trend.

John Grush, a general insurance agent, said his firm, Grush and Manard, had good demand in October and November of 1977 when people thought the law was going into effect on Jan. 1,

1978.

"We have good demand this year but I don't think it is because of the compulsory liability law," he said. "People don't mention it."

Bake Foster, with Aetna Life and Casualty Co., said. "Our auto insurance business has increased but I am not sure if it's the compulsory liability law or we are more competitive in our rates than we were six months ago. We do expect an increase in business."

Albert Aparicio Jr., a general insurance agent and president of the Independent Insurance Agents of New Orleans, said he found a surge of the uninsured coming forward last year when the law was signed by Gov. Edwards.

"I think the ones who are going to be the hangers-on are the less responsible segment or the don't cares," he said. "We found business increase but there has been a leveling off."

Drivers will be able to buy auto liability insurance, the insurance agents promised.

"There will be no reason for a person who has a valid driver's license in Louisiana not to get insurance," said David J. Dessauer, an insurance agent. "But he is going to pay for it; it is there."

He will pay what his driving record has established."

Dingman agreed. "The insurance is available. There is a market for it."

2 of 2

Mandatory car insurance is proposed

A commission studying revisions in state auto insurance regulations has been urged to determine whether Missouri should adopt a mandatory liability insurance law.

Such a statute could require motorists to get insurance covering medical injuries and property damage in order to receive state license plates, a state division of insurance spokesman suggested.

William H. Lichius, a special assistant for consumer affairs, recommended a study of the proposal as the commission met to consider a no-fault auto insurance plan here Tuesday.

A NO-FAULT SYSTEM that would require automatic payment of some types of damages is expected to be recommended by the 15-member commission at its next meeting Nov. 14 in Springfield.

Some committee members, including Don Duggan, regional vice president of State Farm — the largest auto insurance company in Missouri — generally appeared to favor a mandatory liability law, but expressed doubt that it could be enforced.

"It seems to me that if we're going to have such a law there should be a very stiff penalty for persons who are caught driving without the insurance," Lichius said.

Suggested penalties raised at the meeting ranged from revocation of a driver's license to a jail term. At present, Missouri motorists are not required to have liability coverage. Drivers must either have such insurance or be able to assume financial responsibility for damages in case of an accident.

The commission, which was appointed recently by Gov. Joseph P. Trasdale, is expected to draft a no-fault insurance plan that will include at least some elements of no-fault laws that are on the books in other states, including Michigan and Oregon.

MINIMUM STANDARDS contained in four proposals being studied by the commission would make no-fault insurance mandatory, to some degree, for all drivers.

Basic insurance coverage varies in each of the plans, but all would provide medical expense payments, work-loss benefits and funeral-death benefits. Drivers eligible for the insurance generally would have to be residents of the state in which the no-fault law is passed. In three of the plans, insurance companies may offer deductible provisions ranging up to a maximum of \$300.

(continuation

Jim Hunter, DMV manager of driver and vehicle safety, concurred. "I don't believe (cancellation) is an effort to get around the law.

"We're finding that of those cancellation notices, a lot of the individuals did pick up their insurance. They were switching companies, getting rid of one of their vehicles, or discontinuing use of a vehicle.

"Part of it might be stemming from economic conditions (strikes) right now contributing to shopping around for better rates," Hunter said. He also said that many vehicles such as motorcycles and four-wheel-drive units are seasonal and not insured for the entire year.

"There are a lot of insurance transactions going on out there, but people are maintaining their coverage," he said. "They are telling us the truth; when they tell us they are insured, by and large they are. What comes up on the bottom line, the accident reports, is that only 4 to 5 percent of the people are coming up uninsured."

Hunter said that in January, when DMV received 12,447 cancellation notices from insurance companies, the DMV suspended only 986 people for failure to maintain proof of insurance.

"In January we took random samples of 2,300 vehicles registered with us to verify indicated insurance coverage," he added. "We only got 71 denials back" (from insurance companies).

An insurance industry representative, Richard V. Clement, executive secretary for Independent Insurance Agents of Oregon, said, "We've always been opposed to compulsory auto insurance. We're afraid the legislature is going to get into the business of establishing rates, and that the state can form an auto insurance company. Plus the increased paperwork.

"We still maintain that it's not going to do the stated purpose, get the uninsured driver off the road.

"But the agent isn't particularly unhappy with it," Clement said. "It's been more business for agents, although (new customers) are troubled drivers who have been driving without insurance. The so-called irresponsible driver, and that's hard business to place and a very high price."

Clement said, "There have been some minor problems; but quite frankly it's gone quite smooth. We're sitting back and watching, willing to help make it work. It looks like the trend is good. So far, our fears haven't been borne out."

2 of 2

Consumer Affairs

(Portland) Oregonian, February 19, 1979

Mandatory insurance effective, costly

By SYDNE ERICKSON
of The Oregonian staff

Oregon's 7-month-old mandatory auto insurance law is realizing what its draftsmen set out to accomplish, those responsible with its enforcement say, but administrative costs have been high.

Legislative hearings will begin this week to consider amendments that would slash administrative costs in half while attempting to maintain the high level of compliance the administrative procedures have been able to ensure.

Harold Grover, administrator of the Department of Motor Vehicles which enforces the law, said that before it became effective last July 1, 14 percent of all reported accidents involved an uninsured motorist. That figure now has been reduced to 4½ percent.

"Overall, implementation seems to be pretty smooth," Grover said. "It is succeeding better than expected. We expected it to be more difficult to administer, and more public hostility and frustration. There has been some confusion, but for the most part people have been quite cooperative and accepted it."

He said a hearing on House Bill 2052, which "would essentially simplify administration of the law," begins at 1:30 p.m. Tuesday, Feb. 20, before the House Judiciary Committee.

Under the law, if you are going to drive a motor vehicle registered in Oregon you must have liability insurance coverage of at least \$15,000 for a single injury, \$30,000 for injuries in a single accident, and \$5,000 for property damage or you must provide the DMV with other proof of financial responsibility.

The statute requires that insurance companies notify DMV if a policy is terminated or canceled within the first 120 days of that policy. DMV then sends a license cancellation notice to the owner which becomes effective unless the license demonstrates that the vehicle was either disposed of or has insurance coverage.

Currently, DMV samples 1 percent of registered motor vehicles in the state annually and requests that the registered owners verify that the vehicle is insured.

Rep. Al Riebel, R-Salem, a sponsor of HB 2052, served on a Legislative Interim Task Force on Mandatory Insurance which issued a report last December that was used as a basis for proposed changes in the law.

"We (task force members) didn't feel we could say, 'This thing's no good,' because we hadn't had enough time for it to work yet," Riebel said. "We didn't feel it was fair to make sweeping changes or condemnation until it had gone through at least a year."

Riebel said the task force was "trying to see if we could cut the costs and not change the bill tremendously."

In its report, the task force stated, "The cost for fiscal year 1978-79 is \$650,000 and is estimated to be a little over \$1 million per biennium. If the task force recommendations are adopted by the Legislature, it is anticipated that the costs will be reduced significantly. Initial estimates indicate the cost will be \$310,000 for the biennium. This amounts to an estimated \$690,000 savings per biennium."

Riebel said the House Judiciary Committee will hear proposals to "reduce paperwork tremendously and be just as effective."

Mike Kopetski, who was administrator for the task force, met last week with Riebel to discuss HB 2052, which Kopetski said was an attempt to "make administration of the law more efficient and at the same time maintain at least the same level of compliance."

He said the bill's "primary focus" is to propose changing enforcement mechanism from initial documentation that a person is insured to a 10 percent random sampling.

The bill also recommends doing away with the 120-day provision, which Kopetski termed "an exercise in paperwork for insurance companies and the DMV."

Grover said he does not expect Oregon to achieve zero percent uninsured. Judging by success of other states with mandatory insurance laws, he said, "about 5 percent seems to be the point of saturation. To go beyond that would be extremely expensive and you'd be hassling the major portion of the population. Our experience indicates that people who are uninsured can't afford the insurance."

Fears had been expressed that some motorists would try to circumvent the law by buying insurance and maintaining it only long enough to obtain a license or registration, then cancelling the policy. Jay Rupp, who is in charge of the DMV section that processes all documentation relating to the mandatory insurance law, discussed this.

"We received 2,539 cancellation notices (from insurance companies) in August, another 5,374 in September, an excess of 9,000 for October and 12,447 in January," he said. "It is now leveling off, we're not seeing the dramatic increase we saw during fall and winter months."

Rupp said the increase in cancellation notices does not necessarily indicate deceit on the part of motorists.

"If they were trying to get around the law they wouldn't be out buying insurance," he said. "These cancellation notices were from people who did buy insurance. In some cases they found out how much it cost, couldn't afford it and tried another company. In other cases the company felt they were too high a risk and canceled them. Most cancellation notices have come to us from companies that deal mostly with the problem driver."

1 of 2

Consumer Affairs

Houston (Tex.) Post, May 2, 1979

Mandatory auto liability bill passed by House

By FELTON WEST
Chief, Post Austin Bureau

AUSTIN — The Texas House passed and sent to the Senate Tuesday a mandatory automobile liability insurance bill which Houston Rep. R.E. "Gene" Green, the sponsor, said was "stronger" than either he or the House Insurance Committee proposed.

Because the House overwhelmingly passed — 123-9 — such a strong bill, Green said he was optimistic a mandatory liability law could be passed in the Senate despite strong insurance industry opposition and even with less than a month left in the 140-day legislative session.

"I think it has a good chance in the Senate," where it will be carried by Houston Sen. Gene Jones, Green said. "This is an important statewide issue. Every survey taken shows 75 percent or

more of the people want mandatory liability. If the bill can get to the Senate floor, I think it will pass."

Green noted that although various lawmakers have for years been sponsoring bills to require mandatory liability coverage for motor vehicles in Texas, this is the first year such a bill has ever emerged from a legislative committee in either the House or the Senate in the face of insurance industry opposition.

"Now the House for the first time has put the ball in the Senate court," he said.

The Houston representative, who headed a House interim study committee on mandatory insurance, originally introduced a bill that would have required proof of liability insurance coverage (in the minimum amounts of \$10,000 per person or \$20,000 per accident for personal injury and \$5,000 for property damage) before vehicle license plates could be bought.

But he brought from the House Insurance Committee a bill (House Bill 22) that would merely have required minimum coverage, made it a finable offense to be caught without it, and authorized police officers to check motorists' coverage when they stopped vehicles for traffic or other offenses.

Green said he preferred to move into mandatory insurance in that way, avoiding creating a lot of bureaucracy and paperwork for the Texas Department of Public Safety and insurance companies.

But critics argued his approach would bring about only "semi-mandatory" liability coverage that would still leave many motorists on the road without insurance, taking a chance they wouldn't be caught.

Reps. Craig Washington of Houston, Bob Hendricks of McKinney and others hatched amendments to strengthen the bill by requiring insurance companies to

issue with insurance policies vehicle windshield stickers, similar to vehicle inspection stickers, that would show whether vehicles were insured. They proposed that vehicle safety inspections be denied if the insurance stickers were not on the vehicles.

Although he resisted that plan last week, Green brought the House a complete substitute for his bill Tuesday, attempting to perfect the proposed sticker system, and got it approved easily.

El Paso Rep. Ronald Coleman then added a provision that would authorize police to issue window stickers evidencing insurance coverage to vehicles registered in Mexico or other foreign countries, which he said are a particular problem in border cities.

As passed, the Green bill would have the DPS check with insurance companies about insurance coverage on vehicles involved in accidents, but the insurance

companies would have to reply only if there was no insurance policy in effect on the vehicle involved. Green said that would cut down on paperwork.

The bill would not require motorists to buy vehicle liability insurance unless they could not otherwise (as present law states) show "financial responsibility" either by self-insurance or by posting with the DPS bond or a certificate of deposit or securities worth at least \$25,000. The mandatory financial responsibility would not be required of vehicles registered to and operated by persons residing in other states, unless the vehicles were operated primarily in Texas. But such out-of-state vehicles or drivers would be subject to suit after involvement in accidents.

Failure to maintain financial responsibility would be punishable by fine of \$50 to \$200 the first time and \$200 to \$1,000 for subsequent offenses.

Green said financial responsibility

must be enforced to reverse a downward trend in liability coverage. He estimated about 30 percent of Texas vehicles are not insured now, compared with about 24 percent three years ago. In Harris County, he said, a slightly higher percentage is without coverage.

The percentage of insured vehicles has gone down since 1973, he said.

Opposing the bill, insurance companies claim mandatory liability coverage would increase insurance rates. But Green argues that damages caused by uninsured motorists are costing Texans plenty.

"It's estimated insurance rates might go up 5 to 10 percent at most," he said. "If the insurance companies use (this) as grounds for increasing rates, they're barking up the wrong tree because they have already increased rates every year I've been in the Legislature."

He has been in the House since 1973.

"They could get a card and then cancel their insurance in two or three days," Sena said. "Whatever law we pass somebody will find a way around it."

From the moment AB1108 was approved, Sen. Jean Furd was convinced something even tougher was needed.

"We don't require insurance companies to nullify the DVM when someone cancels insurance," said Ford, D-Las Vegas, at the time.

While Sena was happy to see his mandatory insurance law become law, he wasn't pleased with the state's other new insurance law. Beginning Jan. 1, Nevada became the first state in the nation to drop its no-fault auto insurance law. Fifteen states now permit no-fault insurance.

Instead of no-fault insurance, Nevada now requires drivers to carry a minimum "15/30/5" liability coverage. The slashes around these numbers may seem confusing, but they are an attempt to simplify something complex.

Liability insurance only pays others for damage that was your fault. The number before the first slash means \$15,000 is the maximum amount of money your insurance company will pay for the injury or death of one person. The middle number means \$30,000 is the most money your insurance company will pay if more than one person was injured or killed in the same accident. The last number means \$5,000 is the maximum amount your insurance company will pay for property damage caused by your car.

If a person injured by your car wins a \$100,000 court judgment against you, then your insurance company pays only the first \$15,000. The remainder comes out of your pocket.

Many, if not most, insurance agents feel the 15/30/5 liability limits are too low.

"If you rear-end a Mercedes-Benz, you better have more than \$5,000 protection," says Assemblyman Mike FitzPatrick, R-Las Vegas. Until two months ago, FitzPatrick was an insurance broker.

"15/30/5 is too small," adds Ann Marie Aniello, an insurance agent. "You couldn't pay \$5,000 for a used car

today. Look at how high the law suits are. We always suggest higher limits. Some companies won't even write the standard 15/30/5 limits."

Consumers Reports magazine recommended a minimum liability coverage of 100/300/25 in a 1977 study.

Sena and FitzPatrick opposed adoption of the liability insurance law. They felt Nevada's no-fault law could have been saved by raising the "threshold" limit above \$750.

Under no-fault, each driver was compensated by his own insurance company, regardless of who was at fault. An individual was entitled to \$750 worth of medical benefit without going into court. If someone incurred more than \$750 worth of medical bills, then he could sue to recover his expenses. No-fault also paid injured persons up to \$175 a week in lost wages, depending on the policy.

Many witnesses testified that the \$750 threshold limit was too low to prevent the filing of unnecessary law suits. Consequently, in the waning days of the Legislature the Assembly approved a bill to increase that threshold to \$5,000. Yet the Senate failed to agree on the Assembly bill. Just before the session ended, the two houses compromised on Senate Bill 313, a measure which killed no-fault and required minimum liability insurance.

"We felt it was the best way to go," remembers Sen. Don Ashworth, D-Las Vegas, a member of the Commerce and Labor Committee which proposed the bill. "It's not a luxury for attorneys. No-fault just wasn't the answer."

Yet the assemblymen, Sena and FitzPatrick, feel raising the no-fault threshold would have been the solution. They predict many motorists will have to sue to recover damages.

Such suits could drag on for 18 months in court, FitzPatrick said. Injured persons could go bankrupt before a settlement is reached, he added.

During the 1979 Legislature FitzPatrick blamed "your friendly neighborhood trial lawyer" for no-fault's repeal.

"They have the most to gain financially" without it, he said.

"I hope between now and 1981 the people of Nevada will understand the importance of no-fault," Sena added after the new liability law was adopted.

FitzPatrick predicted insurance rates would climb 12 percent with the repeal of no-fault. His prediction hasn't been far off. Farmers Insurance Group increased rates 13.5 percent — although state Insurance Commissioner Don Heath denied another 5 percent increase which Farmers requested explicitly because of no-fault's repeal. State Farm Insurance was awarded a 7.2 percent average rate boost. The company sought an 18 percent increase.

Though insurance rates keep rising, Changing Times magazine said in March 1979 article that a typical State Farm policyholder "has a property damage liability claim once in 18 years and a personal injury liability claim once every 65 years."

"The rate increases are a reflection of the national economy," Heath contends. "In no way are rates increasing because of the repeal of no-fault. The mandatory law should bring a price downturn for preferred customers."

State Farm increased its rates by 81 percent in Nevada between 1976 and 1978, reported U.H. News and World Report magazine.

Surprisingly it has been an attorney, Richard Myers, president of the Nevada Trial Lawyers Association, who has publicized that no-fault could bring savings. Myers warns insurance buyers not to seek medical and wage loss coverage if they already receive such benefits from their employers.

Motorists lining up for insurance

By Ed Vogel
R-J Staff Writer

Most automobile insurance agents in Nevada have been wearing big smiles these days. Their offices have been more crowded than Fremont Street on Saturday night. And almost everyone who walks in the door is a buyer.

There's a good reason for the sudden popularity of insurance men: If you don't have auto insurance, then you don't drive anymore in Nevada.

A law went into effect Jan. 1 which requires Nevada motorists to carry cards which prove they have insurance. Police can ticket drivers who can't pull out these cards.

In addition, motorists must present the insurance cards at Department of Motor Vehicles offices when they renew license plates. A driver won't be given a 1980 license sticker unless he has such an insurance card in his possession.

The state already had required motorists to carry auto insurance. The catch was, however, a driver only had to say — not show — he had insurance when he visited the DMV. There was no penalty if someone lied. Consequently, 25 to 40 percent of the citizenry drove around without insurance, said Don Heath, state insurance commissioner.

That all changed when the 1979 Legislature approved Assembly Bill 108, the new mandatory insurance law. This legislation shoves a \$100 to \$500 fine on motorists who can't prove they are insured. More importantly, they won't be able to drive around long without a current license sticker.

As yet the state Highway Patrol hasn't been enforcing the requirement because some insurance companies may not have mailed cards to customers. Enforcement will begin this week, troopers say. The Metropolitan Police Department indicates it may not enforce the insurance requirement until Feb. 1. However, accident records show some drivers already have been cited for not carrying insurance.

The man most responsible for the mandatory insurance law is Assemblyman Nash Senn, D-Henderson.

"I was hit by an uninsured motorist and I had to come up with the \$100 deductible to fix my car," Senn said. "I felt if I had to carry it, then other people should have to carry it, too."

Though Senn was unsuccessful in an attempt to push a similar bill through the 1977 Legislature, he had little trouble during last year's session. Testimony that as many as 40 percent of the state's drivers lacked insurance produced unanimous approval of Senn's bill.

As tough as the mandatory law may seem, Senn says some drivers will find a way to avoid it.

(Continued)

1 of 2

Consumer Affairs

Las Vegas (Nev.) Review-Journal, May 29, 1979

Lawmakers tighten auto insurance law

By Ed Vogel

R-1 Legislative Bureau

CARSON CITY— The Legislature adopted a mandatory minimum automobile insurance bill Monday and then killed the current no-fault insurance law.

Instead of having at least no-fault insurance, starting next January 1 Nevada's motorists must have an auto insurance policy giving them at least \$15,000 of public liability and \$10,000 of property damage coverage.

Assembly Bill 105 also will ensure motorists actually have coverage, said Sen. Richard Blakenore, D-Tonopah.

"Thirty to 40 percent of the drivers in Nevada now are not covered," Blakenore said.

The bill virtually forces drivers to acquire insurance since they won't be given an auto license renewal sticker if they can't show proof of insurance.

"When you get a policy you will be issued a special card," Blakenore said. "Then when you get your registration renewal in the mail you will have to send the insurance card in."

Drivers also will be required to show proof of insurance when a police officer requests it.

Though the mandatory insurance bill passed the Senate on a 17-0 vote, Sen. Jean Ford, D-Las Vegas, wasn't convinced it will be strong enough.

"We don't require insurance companies to notify the Department of Motor Vehi-

cles when someone cancels insurance," Ford said.

Blakenore agreed the law can be beaten. He said the DMV doesn't have the "mechanism" to keep up with insurance cancellations.

The Assembly raised some objections before it killed the no-fault law on a 25-7 vote.

"Repealing no-fault will hurt everybody," said Assemblyman Mike FitzPatrick, a Las Vegas insurance broker.

Without no-fault, injured persons may have to sue over auto accidents, he said. FitzPatrick said it takes 18 months to schedule a hearing on any lawsuit.

"I hope between now and 1981 the people of Nevada will understand the impor-

tance of no-fault," added Assemblyman Nash Sena, D-Henderson.

Assemblyman Jack Jeffery, however, said the insurance companies "oversold" no-fault.

"The propaganda they put out said no-fault would lower rates of liability but instead the liability rates went up something like 80 percent," added Jeffery, D-Henderson.

Blakenore believes the requirement for insurance with public liability and property damage minimums will lower insurance rates by 5 percent.

Minimum auto insurance will cost \$150, Blakenore said.

in fact," said ISI. Cost comparison figures for a number of firms, rates for the above policy in Jefferson County can vary from a low of \$199.50 with one firm to a high of \$347.64 with another. In Tuscaloosa County they go from a low of \$131.86 to a high of \$296. Montgomery County prices range from \$156 to \$283.40.

There is no law in Alabama that says you have to have insurance, said Forrester. "But there is a safety responsibility law that says that if you have an accident that is your fault and you do not reimburse the injured party, your driver's license and tag are taken."

"We estimate 30 percent of the people do not have liability insurance," said Forrester. "We strongly encourage them to carry it."

Forrester, and several insurance firm spokesmen *The News* talked to, said that there is good competition in the insurance industry in Alabama.

Alabama has lower rates than many areas of the country that are more congested or have more lawsuits that sometimes result in high legal fees and high settlements.

AND "IN Alabama we have no territory that divides a city," said Forrester. "For example, you would be charged the same premium no matter where you lived in Birmingham. That's important."

Some larger cities, such as New York and Los Angeles, are divided into areas. "That becomes a problem," said Forrester, "with one part of a town claiming they pay more."

Here are some tips on shopping for insurance from the State Insurance Department, Alabama Farm Bureau, State Farm and Allstate.

- Shop around. Compare rates and policies. You could save hundreds of dollars a year. The cost is not the only factor you should use, although that's what most customers look at first.

When comparison shopping, check at least three policies and firms. Don't be high pressured into buying the first policy you see.

- **READ AND UNDERSTAND** every word of a contract before you sign it. If you don't understand, ask the agent to explain it to you. If you're not happy with his explanation, ask an agent for another firm or the State Insurance Department to explain it.

- Deal with an established, reputable firm. It doesn't help to get your insurance with a firm that charges low rates if that firm will fold up when it comes time to pay you.

Ask your neighbors and relatives about their firms. Check out the firm's general reputation for settling claims. Do they do it fast and fair or do you have to fight them for it?

- How available are the firm's agents? If you are traveling out of state, how much trouble will it be to get claims settled? Firms that don't have agents in another state often contract with adjusters in that state to settle their claims for them. They say this works, while national firms said it is better to have your own agent on the scene.

- What type of discounts does the firm offer? Look for discounts for such things as having more than one car, being an honor student in school, taking driver training or not smoking and drinking. Compare at what age the rates change for that firm. Do you get a discount for a smaller car?

- See if you can get a discount if you drive to work in a car pool and don't use your car every day.

- Consider the various costs for different amounts of deductibles. A larger deductible could save a big part of your premium.

- Check to see how the rates vary for how many miles you drive to work. One firm may charge more than another for the same amount of miles.

- If your insurance premiums are low, think about paying the amount due in a lump sum rather than in quarterly or monthly payments. This will avoid your owing a payment fee or financing cost.

- However, if your premiums are high, you may want to put the amount for the premiums in a savings account, earn interest on the money and then make quarterly or monthly payments. Even though this means you owe a payment fee or finance charge, the interest earned may be more than the amount of the fee or finance charge.

- You can check an insurance firm's financial soundness in "Best Insurance Reports," available at most libraries.

- You also can call the State Insurance Department at 832-6140 for data on a firm's rates, financial soundness and settlement record.

2 of 2

Consumer Affairs

Birmingham (Ala.) News, October 24, 1979

Auto insurance: It pays to shop around

BY TOM CALLAGHAN JR.
News staff writer

Traffic accidents happen without warning. One moment a driver can be glancing to the side admiring the beautiful sunset, and the next moment he could be stomping his foot on the brake and bracing himself for a grinding, metal-crunching, glass-shattering crash.

It's hard to plan in a budget for a wreck like that. That's why many motorists protect themselves, in part, from the effects of car accidents by carrying insurance policies.

Many people, though, look at insurance as too complex to understand and just blindly pay what the salesman asks without checking around to see what other firms offer.

THERE ARE MANY factors that go into deciding how much an insurance policy costs. There also are many factors that can be used to compare the value of one insurance policy against another.

Insurance firms charge different prices in different territories, or areas. The reason they do this, they say, is make each area pay for itself. The rates are set, in part, on the accident rate, repair costs, hospital costs, and amount of lawsuits historically filed in that area.

People who live in the country usually have to pay less than those who live in the city because there are more cars and a better chance of getting in an accident in a city.

There also are other factors that determine what a person might be charged. They include his age (younger drivers have more accidents), past driving record, what he's using his car for, and the type of car. Some cars cost more to repair than others and some cars are safer in wrecks than others.

THE PRICE OF a policy that provides the same coverage can vary from firm to firm, as well.

"We do not have uniform rates in Alabama," said Tharpe Forrester, deputy commissioner with the State Insurance Department. "Each company looks at its loss experience in their territories. If losses in one are higher, they have higher rates. The number of territories will vary between companies."

The three firms that have sold the most automobile insurance in Alabama, said Forrester, are State Farm, Alabama Farm Bureau and Allstate. Together they sold 57 percent of the car insurance in this state.

"After the top three," said Forrester, "the percentage drops way down. Those percentages are for the year ending in 1977 but it hasn't changed much."

Some insurance firms set their own rates, he said, but there are rating service firms that suggest rates for those companies that don't want to set their own.

There are about 450 car insurance firms in Alabama. About 35 percent of them use the rating firm Insurance Services Office (ISO), said Forrester.

ISO DIVIDES the state into eight areas. The most expensive is Jefferson County, the least is Autauga and Elmore counties. That also could vary with each insurance firm.

According to ISO rates, a Birmingham driver could pay \$274 for the same policy that would cost an Elmore county man only \$211.

The policy is for a driver over the age of 29 who uses his 1978 Chevrolet Malibu for pleasure use only and does not drive it to work. He has a clean driving record.

The policy includes \$10,000 bodily injury liability coverage, \$10,000 property damage liability, up to \$20,000 uninsured motorist, \$50 deductible comprehensive and \$100 deductible collision. The date of the policy was Sept. 15, 1979.

The cost of the policy can vary even more depending on other, individual factors. The costs here are for comparison only and may be different from what ISO would charge you.

That same policy at ISO rates would cost the same driver these amounts in these areas: Colbert, Franklin, Jackson, Lauderdale, Lawrence, Limestone and Madison counties — \$263, Jefferson County — \$274, Autauga and Elmore counties — \$211, Tuscaloosa County — \$246, Etowah County — \$253, Mobile and Baldwin counties — \$250, Montgomery County — \$221, and the rest of the state — \$255.

THE COST OF an insurance policy within an area can vary by firms. For

1 of 2

Consumer Affairs

... (Cont.) Gazette, June 9, 1979

Liability law in effect now for July licenses

By KIM LARSEN
Of The Gazette Staff

Most motorists without liability insurance will no longer be able to renew their car licenses or obtain new license plates.

Yellowstone County Treasurer May Jenkins said Friday that car owners applying for July license renewals without proof of liability will be turned away from the license-plate lines in the courthouse.

The mandatory insurance measure, passed by the Legislature, goes into effect July 1.

But Mrs. Jenkins is enforcing the law now because July license renewals are being made now.

Pat Driscoll, chief assistant attorney general in Helena, said it is legal to require proof of insurance on licenses due after the effective date of the law even though that date is three weeks away.

Mrs. Jenkins said that if enforcement

were not allowed now, car owners buying July licenses would have to be told to come back next month.

Minimum insurance requirements for all vehicles are \$25,000 liability, \$50,000 medical and \$5,000 property damage.

The easiest way a motorist can prove he has the required insurance is to present a copy of his policy when he applies for a new or renewed license.

Other proofs that will be accepted are a certificate of liability statement, a memorandum from an insurance agent, an insurance identification card, a premium payment receipt or an application or binder.

"Absolutely no licenses will be issued if no proof of insurance is shown," Mrs. Jenkins said.

The treasurer also warned motorists that their insurance must be continuously in effect. "Those who think they can take out a

policy and drop it in three months will be in violation of the law," she said.

Any motorist caught without insurance after having obtained a license will be guilty of a misdemeanor, according to the new law.

Motorcycles, vehicles propelled by auxiliary power, and government agency vehicles are exempt from the insurance requirement.

Mrs. Jenkins said the Motor Vehicle Department already has had to turn away "a few" license applicants because they could not prove they have insurance.

The new law is a good one, Mrs. Jenkins said, but she does not like the burden of it being placed on county treasurers. Demanding proof of insurance and noting it on registration forms will require more paperwork and cause "long lines again," she said.

"Until we get the problems worked out, I hope the public will be sympathetic — very patient with us," Mrs. Jenkins said. "It's the law, so we have to do it."

Mrs. Jenkins announced six other changes in licensing that go into effect July 1:

- The lien filing fee will be raised from \$2 to \$3 while the registration fee will go up \$1. Vehicles weighing more than 2,850 pounds

will cost \$12 while those under that weight will cost \$7.

- County designation stickers will be issued for personalized plates as soon as the state prepares the decals. These stickers must be placed on the upper left-hand corner of the plate.

- Personalized plates will be issued on a staggered basis just as numerical plates are now issued. Existing personalized plates will remain on a calendar-year basis, however.

- Mopeds will be deleted from the motorcycle law. House Bill 819, called the "Moped Relief Act," will allow mopeds to be ridden on the streets without registration, title or taxes.

- Special mobile plates will have a grace period to Feb. 15 of each year. Special mobiles are construction equipment used primarily on job sites but use the roads to move from site to site. Plates for these vehicles, in the past, had to be renewed on the first of the year and no grace period was allowed.

- An individual will be able to transfer one set of plates between two vehicles while still owning both. Registration fees will cease on the first vehicle upon transfer.

the hearings. It would require every car owner in the city to carry liability and collision coverage.

The other bills were introduced by Betty Ann Kane (D-At Large) and by Nadine P. Winter (D-Ward 6).

Kane said her bill was modeled after the highly successful Michigan no-fault law, and would provide more generous benefits than the Dixon bill. She said she would support the latter if it proved more politically feasible.

Dixon said his bill was drafted with help from the Committee for Consumers No-Fault, a national coalition of insurance companies, consumer groups, unions, vehicle fleet owners and car rental firms.

The measure would permit a person injured in an accident to submit a substantiated claim for up to \$124,000 in expenses and lost wages without having to prove who was at fault. The claim would be paid by the insurance company carrying the policy on the car in which the injured person was riding or—if the injured party is a pedestrian—on the car involved.

Under typical insurance practice now, a motorist making a claim must demonstrate that the accident was the fault of the other driver or of circumstances beyond the motorist's control. Generally, such claims are paid by the company that insures the person found to be at fault.

With few exceptions, lawsuits would not be permitted by injured persons attempting to recover damages unless they exceed \$124,000, plus \$1,000 in death benefits.

Kane said her bill would not set any limit on payments. She said both bills allow lawsuits in cases involving permanent disability or disfigurement.

Nationally, no-fault coverage accompanied by restrictions against lawsuits has been fought by the Association of Trial Lawyers of America, whose members earn part of their livelihoods trying such cases.

Charles C. Parsons, president of the association's local affiliate, the Association of Plaintiffs' Trial Lawyers of Metropolitan Washington, said a spokesman for his group will testify against the no-fault bills.

He said the Dixon measure is "an insurance industry bill . . . highly disadvantageous to the general public and highly advantageous to the insurance industry."

Saying that auto injury cases represent a fraction of his own practice, Parsons insisted that "I don't see myself as an ogre" as trial lawyers often are painted in the media.

"We will show in our testimony that the only way to deal with (auto insurance) is on a case-by-case basis," Parsons said. He said the only proposal the trial lawyers could work with is the Rolark compulsory insurance bill.

More than 30 witnesses are scheduled to testify before the City Council's Public Services and Consumer Affairs Committee at sessions scheduled for 10 a.m. and 5 p.m. Others interested in testifying may sign up at the hearings.

2 of 2

Washington (D.C.) Post, January 17, 1980

Debate on Compulsory Auto Insurance Begins

By Jack Eisen
Washington Post Staff Writer

Between 40 and 60 percent of Washington motorists drive around town on any given day without car insurance, according to a report released this week by the Washington-based consumer group Automobile Owner's Action Council.

The report adds that there is reason to believe uninsured motorists are more accident-prone than insured drivers.

But the days of the uninsured motorist may be over, if no-fault automobile insurance becomes mandatory in the District.

Hearings today on proposals to introduce some form of mandatory automobile insurance will set the stage for one of the liveliest legislative debates expected in the city this year.

There has been no official estimate on the cost of no-fault premiums. When introducing a proposal on no-fault automobile insurance last October, Council Chairman Arrington Dixon said the coverage would cost each District motorist \$127 a year, but offered no comparison with the current cost of a basic insurance package.

But August P. Alegi—assistant

vice president of the Government Employees Insurance Co., the city's biggest insurer and one known for relatively low premium costs—said no-fault coverage would cost \$82 a year, compared with an average of \$145 for a basic insurance package today. Like other advocates of no-fault, Alegi said the reduction is made possible by lower administrative costs.

Motorists will have to shoulder premium costs for no-fault insurance in addition to coverage protecting against property damage and other accident-related costs.

The Dixon bill would require insurance companies to set up a pooling arrangement offering policies to high-risk drivers.

Witnesses testifying today represent a broad spectrum of views ranging from the insurance industry—which generally supports the proposal—to the legal profession—which opposes it. The general public may also make its views known.

All the proposals being considered would require automobile owners in the District to carry liability insurance, and make it a crime to drive without this coverage. It is estimated that the owners of 114,000 cars—four out of every 10 registered in the city—currently carry no insurance.

In addition to assuring compensation to accident victims without the need to fix blame, the no-fault system would help hold down rising premium rates or even reduce them, supporters of the system say.

But trial lawyers, who have fought such measures whenever proposed in state legislatures and Congress, say the no-fault proposal would sharply curtail the existing right of victims to sue for damages.

In considering the no-fault proposal, the D.C. council will be acting for the nation's capital as a state legislature would. Any bill enacted, however, would be subject to review and possible veto by Congress, which in 1978 rejected national no-fault legislation.

The D.C. council has four bills pending, but today's testimony is expected to center on two of them:

•The first was introduced by Dixon and cosponsored by five others on the 13-member council. It would set up a comprehensive no-fault system and require everyone to be insured.

•The second was introduced by Wilhelmina J. Rolark (D-Ward 8), the committee chairman, who will preside at

1 of 2

Continuation

"I'm sure that estimate is high," said Bob Gwynne of Murfreesboro division manager for State Farm. "The last time I looked — and this is based on auto registrations... It was about 18 per cent statewide uninsured, and Shelby County was high — about 25 or 26."

Gwynne, who also serves as the lobbyist for State Farm when the General Assembly is in session, said that, as of the end of last year, his firm had \$25,299 automobile policies in the state, with 73,559 of those in Shelby County — "our largest market in Tennessee."

Tennessee Farm Bureau, which operates only in the state, has about 357,000 casualty insurance policyholders but, according to a spokesman in the state insurance department office, has relatively little coverage in Shelby County.

"I don't know how much insurance they have in Memphis, you've got to at least drive by a farm before they'll sell it to you."

Hulford Hreiden of Columbia, lobbyist for the Farm Bureau, said his company has no figures on accidents involving uninsured motorists.

There is no way to determine how many accidents per year do not involve insurance coverage. One reason is that so many use their own collision insurance to have it repaired.

Hreiden added, however, that "about 70 per cent of our people do voluntarily buy uninsured motorists insurance."

Gwynne said his company's records show 4 per cent of the State Farm policyholders have uninsured motorists insurance, which covers the policyholder when the other driver is at fault and has no insurance.

"Do you know why that figure's so high?" asked James E. Blount III, a Memphis attorney who specializes in representing plaintiffs in accidental injury cases.

"It's because state law requires uninsured motorists insurance to be part of the policy. The only way they cannot sell uninsured motorists coverage is to get the policyholder to sign a waiver of that coverage that is required under Tennessee state law."

"Even if it's not written into the policy, the courts have ruled that the coverage is there."

Blount said a problem that is almost as pressing — or depressing — as uninsured motorists is that of underinsured motorists and that inflation has played havoc with what a dollar will buy in terms of care and repair.

He said the minimum insurance required in Tennessee — \$10,000 — "is probably the lowest in the country" and that Mississippi and Arkansas share that figure.

"What's \$10,000 to a person badly injured when you spend \$3,000 for a broken leg? We should raise the minimum limits to at least \$25,000, and we're not talking about a lot of money in premiums."

Blount said insurance companies aren't known for pushing it, but underinsured-motorist coverage can be purchased "up to the limits of your liability coverage."

"Under that coverage your own company pays the difference between what the underinsured person's company pays and your actual damages or your maximum coverage."

He said he has dealt with many tragic cases where persons have been permanently disabled in accidents that were not their fault but could collect nothing because there was no insurance.

"And, oh sure, there are death cases like that where there is no insurance. But, of course, they were also to blame because they didn't have insurance either."

"I have this case where a guy ran a red light and this woman was killed. It was clearly his fault but there's no insurance. It's a tragic situation. They don't even know how they're going to bury her."

The list of tragedy is literally endless — it grows daily.

"Right now, I have this young man who

was in Overton Park with his bicycle," said Jerome Hoffman, a Memphis attorney. "He was completely off the roadway when this car filled with kids, lost control and leaves the road for 100 feet or more and runs him down."

"He is disabled for life, and there was no insurance. A 20-year-old boy, disabled for life through no fault of his own and not able to get one red cent to help out. If the boy had had a driver's license and insurance he would have been able to collect through uninsured motorists, but he didn't drive a car."

"It killed me, and I'm used to this kind of thing."

Joseph Fuller, a Kingsport attorney who specializes in defense work for insurance companies, said "It's going to show you the number of people who are driving naked as we call it — driving without insurance coverage. A lot of people just don't have the money."

He said there is much disagreement among insurance companies he represents concerning answers to the uninsured motorists problem and such proposals as no-fault and compulsory liability.

The problem, Fuller said, is much like an old East Tennessee saying:

"You know what you're running from, but you just know what you're running to."

2 of 2

Consumer Affairs

Anchorage (Alas.) Daily Times, October 12, 1980

Alaska's automobile insurance paradox

by Bill Kesson
Times Writer

One out of every two drivers you see driving Alaska's often ice-caked roads is uninsured.

In some states, it's as illegal to drive without insurance as it is to drive drunk.

In Alaska, however, it's almost becoming a fad. According to estimates by the state department of Transportation and Public Facilities, 70 percent of the registered drivers in Alaska are uninsured — a 12 percent increase in five years.

"The horror story isn't over," says Ken Moore, state director of the division of insurance, adding that the figure doesn't take into account many more uninsured motorists in Bush communities who don't register their cars.

But Moore says the figures are not unlike those in other states with no mandatory automobile insurance laws.

"To a lot of people on a limited income, a car is a necessity," Moore says. And those states with compulsory car insurance still report up to 15 percent up to its drivers not insured. But he is at a loss to explain why half of the motorists in relatively wealthy Alaska are uninsured.

One Sunday evening last year, Roy and Phyllis Fields of Anchorage met one of those uninsured drivers — in a bone-crunching collision involving three cars.

The Fields were hospitalized for nearly two weeks. They still go back for therapy. Their bill is \$12,000 and growing. They can't afford it and their insurance company isn't paying for it under their uninsured motorist coverage. A third driver involved in the accident was insured, but his company isn't paying either.

Roy says the Veterans Administration would have paid for his bills

but he failed to file with them in time under the impression his insurance company was going to cover the costs.

The Fields get \$200 a month in pension and social security money.

"With inflation, it's getting skimpy," Roy says.

Their attorney, Jim Palmier, has worked out a deal with the hospital to defray the bill until the case is resolved, he added.

"They are the salt of the earth," Palmier said of his clients.

Although they are eligible, the Fields will not take food stamps or Medicaid or any other kind of welfare.

While the insurance companies play their claims games, the Fields wearily await the outcome.

"Both companies agree it should be paid, but by someone else," says Roy.

A typical day for the Fields is not action-packed. They spend much of their time at the Hill Gospel Church or their small home on Medina Street.

"We don't go riding too much anymore," Phyllis says, nearly laughing. Laughter doesn't come easily to the Fields these days. But then nothing does.

Phyllis can't lift her arm higher than her shoulder. If she tries to stand for any period of time, her knees swell up so bad she has to rest in bed for a day or two. A wheelbarrow full of aspirin cannot relieve her constant headaches.

Roy is doing somewhat better. Retired after an electronics career, he likes to show the hump on his shoulder where the bone didn't heal correctly. But he has a tendency to just sit and stare into space.

In the collision, they were smacked against the dashboard. Phyllis broke three ribs, her should-

er and three vertebrae in her neck. Roy fractured his clavicle, seven ribs and punctured his lungs.

The uninsured motorist suffered a broken nose.

The Fields' still haven't fully recovered from their injuries and are slowly regaining the strength that was sapped from months of inactivity. When you're in your 60s, it's not easy.

"I was so active!" Phyllis exclaims, while rattling off all the things she did before the accident — gardening, painting, shovelling snow, changing their car's oil.

"I even tarred the roof," she said as Roy nodded his head at the memory and smiled.

The Fields seem to like reminiscing. Life is a home movie. And the more reruns the better — not what is scheduled for the new season, which is more therapy, limping around and

Continued

1 of 2

wondering if and when their bills will be paid.

Phyllis has therapy twice a week to loosen up her neck. The one-hour session is nothing she looks forward to.

"I'm so dizzy when I come out, I don't know how long it will last. The doctor said it's a long-term thing."

Their injuries, Roy admits, may have been prevented by wearing seatbelts.

"Intellectually I realize I should wear the little buggers."

The first three months after the accident, a wooden chair was his bed. He couldn't breathe lying down until his ribs healed. Phyllis slept in bed with a brace.

"Sometimes he'd be slumped over and I'd have to tie him into the chair," she said.

Because of pending litigation, details of the accident — at the intersection of Chugach and Arctic — are being withheld.

The accident occurred May 27, 1977. Ironically, it was a day when the Fields thought the streets were safest — many people had deserted the city for the Memorial Day weekend.

The Fields say they feel no animosity toward the uninsured driver, even though the only time he visited them, he accused them of causing the accident, Phyllis says.

"I think he was just afraid of losing his license," says Roy. "We told him to go to the insurance company

and try to convince them he was right."

He'd have a hard time convincing the Fields he even had any right to be driving. Since the accident, they believe in some kind of compulsory automobile insurance.

Twenty-four states in the nation now have compulsory insurance laws, often tied to some form of no-fault insurance, but that still doesn't keep uninsured drivers off the road.

In Alaska, when a driver causes an accident and has no insurance, he or she must prove financial responsibility to cover the costs. But an Alaska privacy act virtually voids the financial responsibility law by making that information hard or unavailable to get, state insurance director Moore said.

If you don't pay, you get your license suspended for up to three years.

Why people drive uninsured may be due to several reasons — mostly financial.

"I can't afford it," says one young career woman who nets \$200 a month.

Despite getting into a recent accident due to the snow, which caused about \$1,000 damage to the front end of her car, she still hasn't changed her mind.

"It's the first accident I've ever had. Think of all the money I've saved by not having insurance the past six years."

Insurance coverage for her Chev-

rolet Camaro would cost about \$500 a year "because I'm single. And I'm not going to get married just to drop my rates."

Another rationalized not getting insurance by saying "It's a hassle."

But if you drive with a lot of heart, as they say in the demolition derby, it may be worth it to buy insurance.

Chances are, everyone driving in Alaska will be involved in one accident in one year, state troopers say.

An average accident in 1978 cost \$1,700 according to State Farm Insurance figures. State Farm has the greatest share of the Alaska car insurance market — 21 percent.

Anchorage insurance agent Bob Bellotti said many accidents are not reported because drivers feel it will jack up their cost of insurance too much.

"It would not adversely affect them," Bellotti said. State Farm, however, does tack on a 10 percent surcharge for each accident claim, he said.

Cause an accident where people like the Fields suffer a rash of injuries and you may be looking at a \$12,000 bill, not including legal fees. Accidentally cause another where someone is permanently maimed and the price tag may be closer to a million dollars.

If you can't pay for the damages with insurance, you can kiss your assets goodbye.

2 of 2

The uninsured motorists: are tougher laws needed?

By TRICIA OLSEN
For The News-Miner

In 23 years of driving, Carl Jeglum, 44, hadn't had an auto accident. His record was about as clean as they come.

But in the past year and a half, he has been hit three times—all by uninsured motorists. The first two drivers paid their debts quickly and willingly.

Jeglum was lucky. Twice. But his luck ran out on the third accident.

No. 3 was a minor accident—a fender bender—but it triggered something in Jeglum, of 2236 Jack St. This time the offender was unwilling to pay for the damage.

"He was a nice, nice guy," said Jeglum, who didn't anticipate any problem collecting the \$165 on the estimated damages. "He just said, 'Have it done and bill me.'" Jeglum preferred to prepay the work.

He tried to stay in touch, but soon the "nice guy" wouldn't answer his phone and ignored Jeglum's letters.

"When it happened to me, I said, 'We're not talking about money, it's the principle,'" and he started writing letters to state legislators to find out why the law doesn't, in his view, protect people who share his experience.

Last October, he filed suit in Small Claims Court and was awarded a default judgment on Jan. 21.

"I've got this wonderful piece of paper," Jeglum said, a legal file in his hand "that will not repair my automobile at all."

The bill has grown a bit—it's now \$194, including court costs—but an execution order allows the court to seize property such as bank accounts or an auto or garnish his earnings "if he has any money," Jeglum said, emphasizing the "if."

But he said "My time is worth money and so is everyone else's and you don't collect on those things."

Jeglum eventually paid for the repairs out of his own pocket.

"I've got a hunch I won't get my money back," he said. "It's a crying shame."

"This puts a lot of burden on your shoulders as . . ." Jeglum paused while his eyes ran over the paper in his hand until he found the word he was looking for: "plaintiff."

One of Jeglum's letters went to Rep. Sally Smith, D-Fairbanks. Her response contained some alarming statistics.

"Currently about 30 per cent of the registered cars in Alaska are uninsured," she wrote, "and there are large numbers of cars that are unregistered."

Figures cited by Motor Vehicles Commissioner William R. Nix in his letter to Jeglum made the picture seem a little less bleak. He said 92 per cent of motor vehicle owners or drivers in accidents last year have met their financial obligations. The driver's licenses of the remaining 8 per cent were suspended for three years or until they make restitution.

Nix wrote that Alaska's financial responsibility laws are "among the toughest in the United States." The penalty of a three-year license suspension, he said, is an "incentive to have people meet their obligations."

Lee Standiford, Fairbanks office manager of the Division of Motor Vehicles, said if an accident report shows that a driver was not insured, the driver and owner will receive a "Notice of Suspension" letter from the department.

The letter asks for proof of insurance, a settlement or release from the other parties involved, or a

security deposit large enough to cover the damages caused by the accident.

In addition to the deposit, they must file documents showing that they are financially responsible. If there is no judgment within a year, the motor vehicles department returns the security deposit upon request, Standiford said.

He emphasized that if the driver is not also the owner, the owner's license could be suspended, too.

Nix wrote, "This penalty was strengthened by the Legislature in 1978 when it made the penalty for driving with a suspended license a mandatory 10-day jail sentence."

But Rep. Smith doesn't think the financial responsibility laws are strong enough and suggested changing the current law to "put some teeth into it."

She wrote, "A good financial responsibility act could be done in conjunction with car registration, thus avoiding a growth in the bureaucracy. In addition, it may back up those who have to resort to the courts to obtain justice."

Alaskan law defines a financially responsible person as one who can pay for damages in these amounts: \$25,000 for bodily injury or death in one person, \$50,000 for two or more persons, and \$10,000 for injury to or destruction of property of others.

Under current law, a person need

not be financially responsible only after his first uninsured accident.

Many especially those unable to collect on an uninsured motorist believe mandatory insurance may be the answer. Today's law was clearly expressed in a 1967 Supreme Court decision: "No law of Alaska requires a driver or owner to carry automobile liability insurance as a prerequisite to his owning or operating a motor vehicle in this state."

Smith does not support mandatory insurance. A nation-wide study of insurance rates, she said, showed that six states have rates higher than Alaska's, five of them have compulsory insurance. Smith added that she fears "we would be contributing to the growth of government" and that problems are created in enforcing the insurance

"Those states that have mandated insurance have also had to establish a large bureaucracy to handle the necessary paperwork," she wrote.

Nix wrote that even in the 21 states with mandatory insurance, only 90 to 95 per cent of the drivers are insured.

"They found that to enforce total compliance would be extremely expensive," wrote Nix, "and would place unwarranted restrictions on innocent drivers."

Tricia Olsen is a journalism student at the University of Alaska Fairbanks.

Consumer Affairs

Philadelphia (Penn.) Inquirer, November 16, 1981

How no-fault failed to halt soaring insurance costs

By David Morrison
Reporter Harrisburg Bureau

HARRISBURG — The beauty of the concept was that no matter who caused the accident, the victims would receive immediate financial help.

It was called no-fault insurance, and to its proponents in the early 1970s it held the promise of an end to the spiraling cost of automobile insurance and to the nightmarish suits and countersuits that seemed to be the inevitable result of any automo-

bile accident resulting in damage or injury.

Under no-fault, courts no longer would be clogged with lengthy, sometimes frivolous, arguments about who caused the crash, whether the injured party had done all he or she could to avoid it and what the dollar value was of injuries, damage or death.

For a reasonable cost, a driver could ensure that he and his family could be compensated quickly by his own insurance company for medical bills, lost wages, rehabilitation and

many other injury-related expenses.

That was how its proponents envisioned it, and in the last decade, Pennsylvania and two dozen other states enacted no-fault into law. But as the state House prepares to vote, perhaps as early as this week, on legislation to amend Pennsylvania's 1974 no-fault law, it is clear that no-fault insurance has not lived up to its promise.

It has, in many cases, expected payments to accident victims. But rather than a decrease in the cost of automobile insurance, as expected,

the insurance has soared.

Since enactment of no-fault in Pennsylvania, the cost of automobile insurance has increased more rapidly than the Consumer Price Index, which has been a staggering reflection of double-digit inflation in recent years.

If the current law is not amended, experts say, insurance costs will continue to increase dramatically. But even if the legislature adopts the proposed changes, which are designed to slow some expensive loopholes, it is generally agreed that auto

insurance costs will continue to rise.

Without the proposed changes in the law, Pennsylvania motorists would see premiums almost double in the next four years, one insurance company estimated. Even with the changes, the same company projected, premiums would climb by more than 60 percent.

The questions regarding the increases in insurance costs appear to be at best: How soon? How high?

Although several surveys have indicated that the consumer still

favours the no-fault concept, there is a growing uncertainty that he is willing to pay the cost.

Currently, the no-fault debate in Pennsylvania centers on House Bill 1285, which is vigorously supported by Gov. Thornburgh and the insurance industry and is vigorously opposed by the Pennsylvania Trial Lawyers Association. When the House convenes today, members are expected to have on their desks close to 50 proposed amendments for the legislation reflecting wishes of the

Continued

1 of 3