

ALASKA LEGISLATURE COMMITTEE FILES 1983-1984

30833 SSA HB 6 - HB 7 (FILE 1) 8672

Alaska State Legislature

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HOUSE MAJORITY WHIP


CHAIRMAN
STATE AFFAIRS

MEMBER
TRANSPORTATION
LEGISLATIVE COUNCIL

Representative Mitch Abood
HOUSE DISTRICT 11

MEMORANDUM

TO: Senator Bill Ray, Chairman
Senate Committee on Judiciary

FROM: Representative Mitch Abood, Chairman
House Committee on State Affairs 

DATE: May 21, 1983

SUBJECT: HB 6

I have reviewed the Senate State Affairs Committee Substitute for HB 6 and would like to point out some problem sections appearing in the bill.

Page 10, Section 13, AS 28.35.028. Sobriety Checkpoints. The Department of Public Safety currently has the administrative authority to set up checkpoints (17 AAC 20.020). The provision in HB 6 is unnecessary and should be deleted.

Page 10, following Sec. 13. (The section number has been deleted), should be section 14. Open Container. HB 421 is identical to this section and should be the vehicle for an open container law. It has no place in HB 6. Presently, 13 AAC 02.545 prohibits the driver of a car to drink while driving but there is no provision for the passenger.

Page 12, line 10 & page 14, line 29, page 15, line 1. The new language limits the court in assigning rehabilitation to the resources in the community where a person lives. What effect does this have on a chronic alcoholic in a rural area who may need treatment in a de-tox center or hospital, when none exists in his community. Would the court be prevented from assigning this type of treatment? They are trying to force the courts to do the job that they are supposed to do, but instead, have allowed a loophole and limited their authority.

MEMO

TO: VIC

FROM: Suzy

DATE: May 25, 1983

RE: Senate State Affairs Amendments to HB 6.

The following are the amendments made to HB 6 by the Senate State Affairs Committee.

→ --The hearing for the Administrative license revocation was changed moved under the Department of Public Safety from the Court System (section 3.)

WHY:

Because the most important element in the administrative license revocation is that the license be revoked as soon as possible. The court system hearing would take longer than the DPS hearing all over the state where the DPS hearing could be relatively quick, in the larger areas.

The cost for the hearings for DPS for FY 84 is 79.5 thousand dollars. The cost for the hearing under the court system for FY 84 is (260.4) thousand dollars. The state would save 180.9 thousand dollars by having the hearing under DPS.

~~technical amendment (page 8, line 17) was proposed by Gayle Horetski.~~

✓ Sobriety checkpoints (section 13, p. 10) •
FYI Vic see attachment

X ~~Open container provision (section 13) is in another House Bill. You showed no real concern that they might take this provision out.~~

--throughout the bill the Senate State Affairs Committee changed the amount of time used to calculate whether a person had a prior conviction from 15 to 10 years.

✓ Mandatory treatment (p. 12, line 7, p. 14, line 27) see attachment.

→ --Preliminary Breath Test (section 15, p. 12, line 14) *Burnes Bill*

X ~~Chemical sobriety test without consent (section 19, p. 15, line 21)
We talked about this provision and you decided that you weren't going to try to keep it in the bill.~~

--

MEMO

TO: VIC

FROM: Suzy

RE: SCS CSHB 6 (State Affairs)

Changes in HB 6 added in State Affairs you wanted me to address.

(2) Sobriety checkpoints, section 13 (p 10, line 2)

(3) mandatory treatment, section 14 (p. 12, line 9, p. 14, line 28)

TREATMENT

Rephrasing

*Alcohol Action
Safety Program*

The Presidential Commission on Drunk Driving recommends rehabilitation and education programs for those convicted of DWI.

The average BAC of a person who is referred to ASAP for screening to an alcohol treatment program is .175 which translates into 8^{1/2} drinks per hour. The evidence suggests that any person who can have an alcohol level that high and still drive has a very real alcohol problem.

Last year, the Anchorage ASAP had 1282 total cases of DWI and OMVI. 19.1% had prior DWI convictions, and 5.2% had more than one conviction. The recidivism rate for those who go through ASAP screening and the following treatment is very low. Yet, 68.7% of those who go through ASAP are defined as problem cases. Apparently, the process undergone by these persons works.

I heard testimony before the Senate State Affairs Committee about problem drinkers who have been convicted of drunk driving, and have not received treatment (the Philley case).

The language before the committee would address that problem by mandating treatment in those places where treatment is available. In cities like Anchorage and Fairbanks, where half of the drunk driving arrests occur, mandatory treatment would aid in the deterrence of drunk driving.

Essentially, any place where drunk driving is going to occur in this state has alcohol treatment available (see attachment behind this page). The argument that facilities would have to be built is not valid.

George Mundell from the Office of Alcohol and Drug Abuse is here and should be able to answer any questions. Allen Bailey is also here. He supports the mandatory treatment, and likes the language adopted by the Senate State Affairs Committee.

New vs. existing language

TREATMENT SERVICES
URBAN

Anchorage

- Inpatient (Alcoholism and Drug Abuse) 100 Beds
- Emergency Services/ Detoxification 22 Beds
- Outpatient (Alcoholism and Drug Abuse)
- Special Services (e.g. special women's treatment center; prison counselors)
- Methadone Maintenance/ Detox and Drug Free Counseling
- Intermediate Care 20 Beds

Ketchikan

- Intermediate care 8 Beds
- Outpatient
- Emergency/ Detoxification Services

Kodiak

- Intermediate care 12 Beds
- Outpatient
- Emergency/ Detoxification Services

Sitka

- Inpatient (PHS Hospital) 16 Beds
- Emergency Services/ Detoxification
- Intermediate care 12 Beds
- Outpatient (Alcoholism and Drug Abuse)

Wasilla

Long term care 48 Beds

Fairbanks

- Inpatient 20 Beds
- Emergency Services/ Detoxification 10 Beds
- Intermediate Care 21 Beds
- Outpatient (Alcoholism and Drug Abuse)
- Methadone Maintenance/ Detox and Drug Free Counseling

Juneau

- Inpatient 15 Beds
- Emergency Services/ Detoxification
- Intermediate Care 21 Beds
- Outpatient (Alcoholism and Drug Abuse)

Bethel

- Emergency Services/ Detoxification 8 Beds
- Intermediate Care 8 Beds
- Outpatient
- Rural Village Counselors

Nome

- Emergency Services/ Detoxification
- Intermediate Care 12 Beds
- Outpatient
- Rural Village Counselors

Kotzebue

- Emergency Services/ Detoxification
- Intermediate Care 8 Beds
- Outpatient
- Rural Village Counselors

URBAN SERVICES

Combinations of outreach, public education, outpatient diagnosis and treatment, and aftercare are available in all large urban areas of the State. These same services are also found in all rural hub centers and through those programs to the surrounding villages.

TREATMENT SERVICES
RURAL

Subregional/Rural Hub Centers/Village Programs

- Norton Sound (Nome)
- Mauneluk (Kotzebue)
- Bristol Bay Area Health Corporation
- Mat-Su Council on Alcoholism
- Seward
- Cook Inlet Council on Alcoholism
- Cook Inlet Native Association
- Copper River Native Association
- McGrath
- Petersburg
- Wrangell
- Upper Tanana Council on Alcoholism
- Cordova
- Yakutat
- South Kachemak
- North Slope (Barrow)
- Rural Cap/I.H.S. (Village Counselors-Illiamna, Aleutian-Pribilof Islands, St. Paul)
- Ft. Yukon/TCC
- Valdez
- Kuskokwim N. A. (Aniak)
- Minto
- Galena
- SEARHC
- Haines
- Klukwan
- Hoonah
- Angoon
- Hydaburg
- Craig/Klawock
- Kake
- Yukon-Kuskokwim HC (Bethel)
- Mountain Village
- Hooper Bay
- Mekoryuk
- Toksook Bay
- Nunapitchuk
- Napaskiak
- Akiachak
- Akiak
- Quinhagak
- Togiak
- Manokotak
- Koliganek
- New Stuyahok
- Levelock
- King Salmon
- Nondalton
- Newhalen
- Port Heiden
- Chevak

Rural Services

Each community listed here has at least 1 full time alcohol/drug abuse worker. Many of the above grantees offer services in areas surrounding their specific locations and some of these programs have letters of agreement with Regional Center programs for services not provided by them.

BILL SHEFFIELD, GOVERNOR

**DEPARTMENT OF PUBLIC SAFETY
OFFICE OF THE COMMISSIONER**

POUCH N
JUNEAU, ALASKA 99811
PHONE:

May 23, 1983

465-4322

The Honorable Bill Ray
Chairman, Senate Judiciary Committee
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Senator Ray:

The Department of Public Safety submits the following Position Paper on SCSCSHB 6(SA). The Department of Public Safety objects to the provisions in this Bill that allows a person whose license is revoked under AS 28.15.165 to ask for an administrative hearing by the Department of Public Safety rather than a court review.

The Department has objection to such action for the following reasons. The Department currently has hearing officers only in Anchorage. If a person in Ketchikan, Nome, Barrow, Unalaska, Fairbanks, etc., asks for an administrative hearing, we are required to hold that hearing at the office of the department nearest to the residence of that person unless the person agrees that the hearing can be held elsewhere. Whenever possible, in areas more than 50 miles from Anchorage, or outside Fairbanks, we presently attempt to handle administrative hearings by phone. If the individual objects, a hearing officer must schedule a hearing at the office nearest the individual's residence, and travel to that location to hold the hearing.

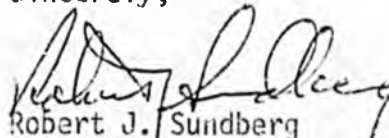
In instances such as outlined, there may be considerable delay between the time a hearing is requested and when it is held. During that time, the license action must be stayed until the hearing. In other words, the person arrested for drunk driving will be allowed to continue to drive until the hearing is held.

The Department holds hearings regularly in Anchorage, and approximately every two months in Fairbanks. However, not on a regular basis in other areas of the State. The court system has judges and/or magistrates scattered throughout the State who can handle the court review as outlined in present law. The Department only has hearing officers in Anchorage. If the proposed amendment is passed, and our fiscal note approved, a hearing officer would be added to Fairbanks. I feel, since the court system already has the staff throughout the State, no change should be made switching the responsibility to the Department of Public Safety, requiring an increase in staff, travel, and other expenses.

It should also be pointed out that if the law is changed as proposed, and the person is unsatisfied with the administrative hearing results, such as non-issuance of a limited license, that person can appeal the decision of the hearing officer to the district court per AS 28.05.141(d). Over 95% of the court reviews under the present law have been to request limited driving privileges.

Another possible problem area is that there will be two different agencies with the authority to grant limited driving privileges, the Department of Public Safety and the courts. If one denies and the other grants, there will be confusion on the defendant's part as to whether or not he can legally drive, as well as creating a difficult situation for law enforcement officers and prosecutors.

Sincerely,



Robert J. Sundberg
Commissioner

cc: Emil Notti, Legislative Assistant, Office of the Governor
Kevin K. Bruce, Special Assistant to the Governor

SENATE AMENDMENT #1

By RODEY

To: _____ SENATE BILL No. _____

To: SCS CS (Fin) HOUSE BILL No. 6

PAGE: 19 LINE: 28

OK'D

After the word "offense" delete
all material to page 20 line 10.

put a period after the word
"offense".

HB 6

SENATE JOURNAL - PAGE 989- 2 5/16/83

<CS FOR HOUSE BILL NO. 6 (JUD)> by the Judiciary Committee, entitled:

"An Act relating to driving a motor vehicle."

was read the first time and referred to the State Affairs Committee and the Judiciary Committee.

HB 6

SENATE JOURNAL - PAGE 1040- 2 5/19/83

The State Affairs Committee considered <CS FOR HOUSE BILL NO. > <6 (JUD)> (driving a motor vehicle) and recommended it be replaced with

SENATE CS FOR CS FOR HOUSE BILL NO. 6 (SA)

with a majority do pass. The report was signed by Senator Vic Fischer, Chairman and concurred in by Senators Kelly and Stungulewski.

CS FOR HOUSE BILL NO. 6 (JUD) was referred to the Judiciary Committee.

HB 6

SENATE JOURNAL - PAGE 1160- 2 6/ 1/83

The Judiciary Committee considered <CS FOR HOUSE BILL NO. 6> <<JUD)> (driving a motor vehicle) and recommended it be replaced with

SENATE CS FOR CS FOR HOUSE BILL NO. 6 (JUD)

Senator Ray, Chairman and Senator Ziegler signed "no recommendation". Senator Josephson signed "do pass".

President Kerttula stated that CS FOR HOUSE BIL. NO. 6 (JUD) would have an additional referral to the Finance Committee.

CS FOR HOUSE BILL NO. 6 (JUD) was referred to the Finance Committee.

HB 6

SENATE JOURNAL - PAGE 1353- 1 6/17/83

The Finance Committee considered <CS FOR HOUSE BILL NO. 6> <<JUD)> (driving a motor vehicle) and recommended it be replaced

with

SENATE CS FOR CS FOR HOUSE BILL NO. 6 (FIN)

with a majority do pass. Senator Sackett, Co-Chairman and Senator Mulcahy signed "no recommendation." Senators Bennett, Josephson, Ferguson, Faiks and Vic Fischer signed "do pass."

The committee attached five fiscal notes. One appears in House Supplement No. 58. One was a zero fiscal note. Three new fiscal notes appear in Senate Supplement No. 40 to today's journal.

CS FOR HOUSE BILL NO. 6 (JUD) was referred to the Rules Committee.

HB

7

1

CURRENT LICENSE ACTIONS AS OF 1-3-84

TYPE OF ACTION	SEX		TOTAL
	M	F	
B - Non Comply	36	4	40
E - Non Comply - Tests	292	45	337
F - Non Comply - SR22	701	121	822
G - Non Comply - SR22/Tests	658	111	769
I - Suspended SR22	606	73	679
J - Limited SR22	8	1	9
K - Cancelled SR22	2	1	3
L - Non Comply - \$50 fee	1	-	1
M - Revoked SR22/Tests	600	128	728
O - Limited SR22/Tests	159	29	188
P - SB Permit Revoked	8	-	8
Q - Cancelled	144	51	195
R - Revoked	2,061	273	2,334
S - Suspended	1,826	526	2,352
T - SB Permit Cancelled	5	1	6
U - Limited	153	20	173
V - Suspended SR22/Tests	236	31	267
W - Temporary License	170	31	201
TOTAL	7,666	1,446	9,112

SUMMARY:

9,112 individuals had current license actions in effect on January 3, 1984. 14 of those involved a school bus permit only, and the person still had a valid driver's license.

Of the total, only 4% (370) have limited driving privileges.

3,465 individuals who are required by law to file proof of insurance (SR22), have not done so.

5,147 (56%) of those with current license actions were less than 30 years of age.

HUGHES THORSNESS GANTZ
POWELL & BRUNDIN

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

March 13, 1984

Senator Vic Fischer
Alaska State Legislature
Pouch V (MS 3100)
Juneau, Alaska 99811

RE: Compulsory Insurance
Our File: 00220-0044

Dear Senator Fischer:

On February 29, 1984 we were asked to appear on a television show called "Midtown", which is a weekly, live call-in show in Anchorage. The topic of the television show was mandatory auto insurance. During and after the television show, the station, MultiVisions, ran a television poll, asking the following question: "Do you favor mandatory auto insurance in Alaska?" We have enclosed herewith a letter from MultiVisions showing the results of that poll as of 10:00 a.m. on March 8, 1984. As you can see from that letter, approximately 51% of the votes received at that time were opposed to mandatory auto insurance in Alaska.


We have since checked again with MultiVisions, and Mr. Scott has advised us that the poll concluded last night, March 12, 1984. Over 14,000 votes came in, 49% responding affirmatively, and 48% responding negatively. Although this poll was not conducted in a scientific fashion, it does indicate that people in Anchorage are essentially split right down the middle on the issue of mandatory auto insurance. We continue to believe that once consumers are aware of the cost and effectiveness of mandatory auto insurance,

HUGHES THORSNESS GANTZ POWELL & BRUNDIN
ATTORNEYS AT LAW

they will not be in favor of it, particularly if other alternatives, such as uninsured motorist and underinsured motorist coverages are made available.

Sincerely,

HUGHES THORSNESS GANTZ
POWELL & BRUNDIN

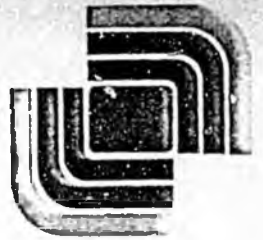
By: 
Michael L. Lessmeier

Enclosure

MLL/mh

cc: Members of the Conference Committee on Compulsory Insurance

MultiVisions



March 8, 1984

Michael Lessmeier
Hughes, Thorsness, Gantz, Powell & Brundin
210 Ferry Way, Suite 100
Juneau, Alaska 99801

Dear Mr. Lessmeier:

Here are the results of our "Touch Vote" public opinion question that we have been running on Channel 52 for approximately one week.

Question: Do you favor mandatory auto insurance in Alaska?

Yes	Votes	4,478	47%
No	Votes	4,836	51%
Undecided	Votes	163	1%
Total	Votes	9,478	

These results are as of 10:00 a.m. on March 8, 1984. Due to the method of polling, results can be altered. MultiVisions in no way purports this to be a scientific poll.

Sincerely,

Stan

Stan Scott
Programmer

SS:sg

cc: Ted Berns
George Sullivan
John Smith

4722 Business Park Blvd
Anchorage, Alaska 99503
607/552-2400

DEPARTMENT OF PUBLIC SAFETY

DIVISION OF MOTOR VEHICLES

POUCH N
JUNEAU, ALASKA 99811
PHONE: 465-4335

March 30, 1983

Representative Don Clocksin
Alaska House of Representatives
State Capitol, Pouch V
Juneau, Alaska 99811

Dear Representative Clocksin:

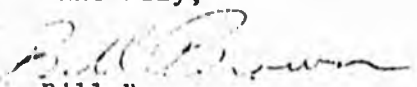
Administrative Assistant Janet Rice asked me to provide you with some statistics which would reflect why driving privileges were suspended, revoked, etc., when individual drivers were arrested for, and convicted of, violating AS 28.15.291(a).

The requested data has been extracted from our computer files, and reflects the following:

<u>REASON</u>	<u>VIOLATION YEAR</u>		
	<u>1982</u>	<u>1981</u>	<u>1980</u>
DWI	154	135	97
Implied Consent	27	31	34
Accumulation of Points	95	95	90
Uninsured Accidents	137	125	102
Reckless Driving	12	14	10
Failure to Carry Necessary Insurance	14	29	17
Other (Mostly driving while license suspended)	102	89	63
Unknown (Appears these are mostly for out-of-state license actions)	<u>21</u>	<u>23</u>	<u>11</u>
TOTAL	<u>562</u>	<u>541</u>	<u>424</u>

If you have any questions concerning the above, or I can be of any further assistance, let me know.

Sincerely,


Bill Brown
Chief of Driver Services

BB/gb

cc: Representative Abood
Representative Wendt



1982 Average Private Passenger Automobile Insurance

Last year in the United States, approximately 147,968,000 drivers paid \$36,620,824,000 in premiums to insure themselves, third parties and almost 123 million automobiles against collision, personal injury, theft and the inevitable litigation springing from these various misfortunes of the road.

Using 1980 census estimates which put total U.S. population at 226,504,825, Americans now have, statistically, well over one car for every two individuals at their disposal. Although the country cannot yet claim an automobile for each licensed driver, the .83 car/driver ratio in 1982 reflects the long-standing fascination with private car ownership that Henry Ford envisioned over 60 years ago.

Most drivers are conscious of the fact that premiums paid for necessary insurance coverage vary widely from state to state. Cost is not directly related to amount of coverage, but

rather has to do with the individual state's particular body of laws that deals with the complicated process that takes place between the filing and paying of claims. Thus, in 1982, drivers in Alabama paid an average premium of \$190.55, while in New Jersey, comparable insurance cost owners \$455.80 per year.

The national average automobile premium in 1982 was \$298.30, up from \$274.79 in 1981. This is an increase of 8.6%, the highest percentage gain since 1977 and almost double the 4.6% increase from 1980 to 1981. The graph presented here shows the steady rise in average policy costs.

On this page is a table that shows average automobile premiums by state, ranked from the highest to the lowest premium paid. Although there was shifting back and forth within the ratings for almost all states, most changes were

continued

Average Automobile Premiums
(Ranked highest to lowest)

1982		\$ Amount	1981	\$ Amount	1982		\$ Amount	1981	\$ Amount
1	New Jersey	455.80	1	411.90	27	Florida	264.07	37	233.99
2	Massachusetts	387.49	5	338.82	28	Missouri	263.56	21	258.39
3	New York	384.81	3	351.52	29	Vermont	261.38	29	246.72
4	Nevada	384.44	2	380.15	30	Arkansas	259.51	46	218.96
5	Louisiana	368.59	4	348.06					
6	California	358.29	7	335.91	31	New Hampshire	256.93	36	234.12
7	Pennsylvania	357.98	8	318.74	32	Georgia	255.53	28	247.12
8	Alaska	354.09	6	335.93	33	Virginia	253.63	40	229.70
9	West Virginia	344.69	22	258.22	34	Montana	252.21	25	254.14
10	Hawaii	343.99	13	290.57	35	Oklahoma	251.52	35	235.15
11	Distict of Columbia	328.50	24	255.57	36	Utah	251.00	31	244.85
12	Maryland	318.47	11	295.71	37	Nebraska	247.28	32	243.52
13	Texas	310.40	33	243.29	38	North Dakota	241.22	34	237.03
14	Michigan	307.01	9	300.70	39	Maine	240.91	39	231.99
15	South Carolina	306.19	16	277.20	40	Idaho	231.25	38	232.14
16	Connecticut	305.80	10	296.28	41	New Mexico	229.86	30	246.51
17	Arizona	301.53	12	291.11	42	Wisconsin	229.64	42	226.46
18	Rhode Island	300.99	17	271.21	43	Iowa	229.05	45	224.14
19	Delaware	296.42	14	280.95	44	Indiana	226.51	41	223.61
20	Illinois	291.62	20	262.57	45	Kentucky	226.24	43	225.73
21	Oregon	291.17	18	270.42	46	Ohio	226.19	44	224.25
22	Colorado	287.00	26	253.80	47	Mississippi	211.52	47	211.35
23	Minnesota	285.59	15	278.97	48	North Carolina	210.72	49	193.87
24	Washington	282.71	19	264.41	49	South Dakota	201.14	48	197.24
25	Kansas	265.89	27	252.15	50	Tennessee	194.58	51	183.85
26	Wyoming	264.29	23	257.56	51	Alabama	190.55	50	187.14
						National Average	298.30		274.79

* Denotes State with mandatory insurance
** No Fr. Lt + Compulsory

THE CASE AGAINST COMPULSORY AUTOMOBILE
LIABILITY INSURANCE

An Insurance Industry White Paper

THE CASE AGAINST COMPULSORY
AUTOMOBILE LIABILITY INSURANCE

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REASONS FOR OPPOSITION	5
Compulsory automobile liability insurance laws do not protect consumers against uninsured motorists because the laws are not enforceable	5
Compulsory automobile liability insurance laws are very costly to state government, motor vehicle owners, and insurers	9
Compulsory automobile liability insurance laws force individuals to buy a product for which they have no need	12
Compulsory automobile liability insurance laws lead to unneces- sary harassment of responsible drivers, who compromise a vast majority of the total driver population	13
Compulsory automobile liability insurance laws are more expensive and have more deficiencies than the cost-effective, viable alternatives which are available:	
Improved Financial Responsibility Laws	17
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INTRODUCTION

It seems incongruous and illogical for the insurance industry to oppose a law forcing consumers to purchase an insurance product. One would assume that insurers would only be too willing to support legislation which could generate more sales and result in higher premiums for each policy sold.

Why, then, does a united insurance industry refuse to support state compulsory automobile insurance laws? Why do insurers oppose legislation requiring each person who owns and operates a motor vehicle to purchase liability insurance?

In truth, the economic self-interests of the insurance industry are not well-served by compulsory auto liability insurance. Nor are the economic self-interests of motor vehicle owners, taxpayers, or state legislators served by compulsory insurance laws.

Every interest group but one, the plainiff's bar, faces economic risks with compulsory auto liability insurance. It costs everyone else money.

This joint industry statement explains why most insurers oppose enactment of compulsory insurance laws, and relates how these emotionally-appealing laws fail to meet the well-meaning intentions of legislators and constituents.

Cost-efficient, proven alternatives that overcome the deficiencies of compulsory automobile liability insurance do exist. A discussion of these alternatives--stricter Financial Responsibility Laws, Uninsured Motorist Protection and No-Fault Insurance--is included at the end of this statement.

THE ISSUE

The issue is: Should a person who owns and operates a motor vehicle be required by state law to purchase liability insurance?

Voluntary auto liability insurance is already available to interested drivers. It enables those who purchase it to protect their personal assets

against loss due to their negligent use of a motor vehicle. Auto liability coverage does not pay money to the driver who purchases it. It makes payments on behalf of the purchaser to any one he or she has negligently injured while driving.

The purpose of voluntary auto liability insurance is to provide financial security by protecting the assets of the purchaser. By contrast, compulsory auto liability insurance is intended, but fails to pay the damages sustained by those who might otherwise be involved in accidents with uninsured drivers. Compulsory insurance laws aim toward reducing the numbers of uninsured motorists. They require the purchase of automobile liability insurance coverage and make it a criminal offense to drive a motor vehicle without such coverage.

HISTORICAL BACKGROUND

Compulsory automobile liability insurance is not a new issue. It's been a topic of discussion for over 50 years. In 1927, Massachusetts became the first state to adopt compulsory auto liability insurance, but the approach proved unpopular with both legislators and insurers. It wasn't until 1956 and 1957 that two other states, New York and North Carolina, established compulsory liability insurance systems.

Other states refused to enact compulsory insurance measures primarily because of cost comparisons with Massachusetts, New York and North Carolina. The compulsory states were experiencing significant increases in the number and frequency of insurance claims, primarily resulting from the higher accident rates among the small percentage of formerly uninsured drivers who were abiding by the law and buying insurance. In the ten years following Massachusetts' enactment of compulsory insurance, its claim frequency per thousand insured vehicles had increased 33 percent, while the countrywide frequency declined 21

percent. A university of Michigan study found that the number of claims jumped 23 percent in New York and 35 percent in North Carolina in the first years after their compulsory systems went into effect. These increases were well above the estimated rise in the number of insured drivers. And, the increases were forcing safe and responsible drivers to pay higher insurance premiums.

The financial responsibility law was another principal reason for the failure of the early compulsory movement. During the nearly 30 years that elapsed between the first two state compulsory insurance laws, other states had turned to this more limited form of compulsion. Financial responsibility laws require certain individuals to prove--by posting a bond for a certain amount, by depositing cash or securities in that amount, or by another method stated in the law--that they will be able to pay damages that might be awarded to other accident victims. If they fail to do so, they face the possible suspension or revocation of their driving license for a certain length of time. Insurers nurtured and supported the financial responsibility law concept because they considered it to be a favorable alternative to compulsory liability insurance, and because it focused on those drivers actually involved in accidents, not on all drivers.

No new compulsory liability insurance laws were enacted until the 1970's. Twenty-seven states have turned to compulsory systems in the past decade. These states were not attempting to imitate existing successful compulsory insurance systems. There were none. In fact, Massachusetts, New York, and North Carolina each were facing massive paper blizzards in trying to keep track of uninsured motorists. Yet, they had little, if any, progress toward reducing the number of uninsured drivers.

For example, when New York enacted its mandatory rule in 1957, an estimated six percent of car owners didn't carry insurance. By 1979, the number of uninsured motorists had risen to 12 percent of all drivers in the

state. During the first ten years New York's law was in effect, it cost law-abiding drivers more than \$100 million and authorities were unable to point out any progress in enforcing compliance with the law. Regulatory authorities in Massachusetts and North Carolina were reporting similar horror stories.

The movement toward compulsory insurance in the 1970's instead can be attributed to the growth in popularity of "no-fault" laws. Most of the states implementing a compulsory liability insurance system in the past decade made this system part of an automobile no-fault insurance package. A majority of the automobile insurance industry supported automobile no-fault laws and it was generally accepted that eliminating certain tort rights required the substitution of a guaranteed benefit package. Little thought was given to the residual liability component of that package, but, as we now know it is possible to have guaranteed first party benefits without compulsory liability insurance.

Florida was among the states which made liability insurance compulsory when enacting a no-fault insurance plan in the early 1970's. In 1979 Florida repealed its compulsory automobile liability insurance requirement and now requires only the purchase of PIP (personal injury protection) coverage. Liability insurance is now purely voluntary coverage. Florida state legislators took this action to eliminate a growing number of unnecessary lawsuits and to lessen the financial burden for low-income citizens, who were being forced to purchase both liability insurance and no-fault insurance. Fully supported by the insurance industry, the Florida no-fault law is the only one of its kind in the United States.

Whether or not the compulsory systems were part of a no-fault system, they simply did not work. In 1980 and 1981, fourteen states introduced legislation to repair the enforcement procedures of their compulsory automobile insurance laws.

The 14 states are California, Connecticut, Florida, Kansas, Louisiana, Maryland, Michigan, Montana, New York, Pennsylvania, Texas, Utah, West Virginia and Wyoming. Additional states are considering the same action this year.

REASONS FOR OPPOSITION

Today, the insurance industry is largely opposed to compulsory automobile liability insurance. Its opposition is based on five major adverse effects of compulsory insurance.

Compulsory automobile liability insurance laws:

Do not protect consumers against uninsured motorists because the laws are not enforceable.

Are very costly to state government, motor vehicle owners and insurers.

Force individuals to buy a product for which they have no need.

Lead to unnecessary harassment of responsible drivers, who comprise a vast majority of the total driver population.

Are more expensive and have more deficiencies than the cost effective, viable alternatives which are available.

Compulsory automobile liability insurance laws do not protect consumers against uninsured motorists because the laws are not enforceable.

Requiring every motorist to carry auto liability insurance sounds like a good idea. But in practice, it doesn't work. In state after state, compulsory automobile liability insurance systems have failed to meet their goals. Compulsory laws do not guarantee that innocent victims of accidents caused by uninsured motorists will be compensated for their injuries and financial losses; and they do not reduce the number of uninsured motorists on the road.

As a general rule, compulsory automobile liability insurance laws require that evidence of insurance be submitted to public authorities at least once a

year. Some compulsory insurance laws require motorists to produce evidence of insurance to register and license their automobiles. Others require a self-certification procedure under which motorists attest they have purchased and will maintain the required coverage.

Certificates of insurance or copies of policies in the state administrator's office or in the car mean nothing when there is a notice of cancellation for non-payment of premium at home. Irresponsible drivers can register their cars by purchasing insurance on an installment plan and refusing to make premium payments. Or a person can falsify evidence of insurance, register the vehicle out-of-state, or transfer ownership of the vehicle to avoid enforcement efforts.

Compulsory insurance laws require drivers to have insurance; they do not attempt to define hazardous drivers. They do not provide government with the means to remove high hazard drivers from the road. Even if a state somehow were to achieve the impossible, and every resident motor vehicle was insured, responsible motorists would still lack protection against the following types of irresponsible drivers: operators of stolen cars, uninsured out-of-state drivers, hit-and-run drivers, uninsured motorists whose licenses or registrations have been suspended, or newly arrived residents whose cars are still registered in another state.

Enforcing compulsory automobile liability insurance is a costly, largely inefficient exercise in futility in most states. Compulsory insurance laws will not have a long-term impact on the number of uninsured drivers unless a state's law enforcement, motor vehicle and insurance regulatory agencies are well-financed, well-staffed and highly efficient. A compulsory insurance system requires a state to maintain and police millions of pieces of paper a year. It must conduct random file checks and spot checks for both insured and

uninsured drivers. Such operations are wasteful and inefficient. They squander time and money on the overwhelming percentage of motorists who are already insured.

Compulsory states can expect to be inundated with a blizzard of forms the very first month of operation under a compulsory insurance system. Moreover, the paper-tracking problem grows worse each year. When New York initiated its compulsory insurance system in 1956, the Department of Motor Vehicles immediately found itself buried under six million forms sent to it as evidence of insurance. In no time, the Department was further swamped with changes from new registrations, cancellations and terminations of insurance, changes of vehicles, changes in insurance companies, and name changes. At one point, it was estimated that 80 percent of the 25,000 registration revocation notices sent out by the New York Department each month were incorrect or obsolete by the time they had been mailed.

In no compulsory state have there been any significant post-registration law enforcement efforts simply for insurance purposes. States are understandably reluctant to allocate already scarce crime-fighting resources to track down uninsured motorists. Highway patrolmen are not eager to divert their attention from monitoring the toll of highway injuries, deaths and property damage in order to pull uninsured motorists off the road. Regulatory authorities do not have the financial resources to follow-up, identify, and punish the insurance-avoider after receiving notice of termination.

Pennsylvania and New York are just two of the compulsory states facing monumental difficulties trying to enforce their compulsory systems. The Insurance Federation of Pennsylvania estimates that because of loopholes in enforcement, from 800,000 to 2,000,000 motorists are able to obtain their license plates without having insurance or are able to cancel coverage once the

registration is issued. The director of Pennsylvania's Traffic Safety Bureau has admitted that the 40,000 notices coming in from insurance companies each month on cancellation or lapses are just too much for his staff to handle.

New York faces similar enforcement problems, even though it switched to a self-certification system in 1974 to cut the \$7-million-a-year cost of enforcing its compulsory law. According to recent figures, self-certification is still costing New Yorkers about \$4 million a year and is proving to be as ineffective as the original enforcement procedures. A study by the University of Michigan, made seven years after New York passed its compulsory law, found that there were twice as many uninsured drivers on the roads as there were before the law was passed. Today, it is estimated that New York's uninsured motorist population is at least 15 to 20 percent.

The courts are also reluctant to rigidly enforce automobile liability insurance systems. Most drivers charged with driving without insurance can bargain their way out of a conviction. A majority of state laws provide for a fine and/or prison term for convicted uninsured motorists; but few, if any, uninsured motorists are ever jailed for their crime, no matter what human or property damage they have caused.

Some states have sought to avoid additional costs by omitting any provisions for enforcement from their compulsory laws. They simply declare it unlawful to drive without insurance. However, the press and public soon discover how many irresponsible drivers are still without insurance and they demand stricter enforcement. People justly believe that once a law is on the books, it should be enforced.

The unfortunate thing about a compulsory insurance law is that enforcement, no matter how strict, does little to reduce the number of uninsured drivers on the road. The irresponsible driver is not going to carry

insurance no matter how many certificates he's required to furnish. The driver with very few significant assets to protect is not going to carry insurance because he has no real need for it. Toughening enforcement of a compulsory automobile liability system simply increases insurance costs and adds another layer of expensive government bureaucracy.

Compulsory automobile liability insurance laws are very costly to state government, motor vehicle owners, and insurers.

Why are insurers opposed to a law that forces consumers to buy their product? A major reason is cost. Compulsory insurance means higher costs to state government, motor vehicle owners, taxpayers, and the insurance industry and its policyholders.

Coupled with these higher costs is the problem that very few people benefit from compulsory insurance. Compulsory systems do not guarantee that all drivers on the road are insured. They therefore cannot protect the innocent responsible driver from loss of property or injuries suffered in accidents caused by uninsured motorists. To pay higher costs for a system that does not achieve its goals makes little economic sense.

The cost to consumers of compulsory insurance can be demonstrated by comparing insurance rate levels in states with compulsory systems to rate levels in comparable states without compulsory insurance. Six states that have adopted compulsory insurance in the last ten years were selected for the comparison.

The states and the dates they adopted compulsory liability insurance are California, Jan. 1, 1975; Louisiana, July 1, 1978; Maryland, July 1, 1973; Oklahoma, Dec. 11, 1976; Oregon, Jan. 1, 1976; and South Carolina, Oct. 1, 1974.

Each of the six compulsory insurance states was compared with three similar states which had not adopted compulsory insurance during the specified time period. The analogous states were chosen for their similarity to a compulsory state in demographic characteristics, geographic characteristics and the number of insured vehicles. The results of the comparison survey are shown in the Appendix.

In every instance, the increase in the insurance rate level in the compulsory state was higher than the rate level increases in any of the three comparison states. A reason for the significant increases in the compulsory states is the fact that everyone, including the highest risk drivers, are required to purchase insurance. Although the compulsory systems do not achieve their goal of insuring every motorist, the small percentage of bad-risk, previously-uninsured motorists brought into the system does affect insurance rates.

These few high-risk drivers raise insurance rates for both good and bad drivers. The responsible, insured driver, who already comprises a vast majority of the total driver population, finds himself paying more for his insurance because a few high-risk motorists have been forced to purchase insurance.

Compulsory insurance not only raises insurance costs for responsible drivers, but it also increases government costs. The state of New York has spent over \$9 million in one year in order to enforce its compulsory insurance law. Despite the high expenditure, a significant portion of the population of New York is still uninsured. In fact, a New York Department of Motor Vehicles survey estimated that in 1979, close to a half million registered vehicles in the state were uninsured.

States with compulsory insurance systems pay a high price to obtain a very small percentage increase in the number of insured motorists. California's

state government spent over \$2.3 million to increase the percentage of insured drivers by five percent. Maryland taxpayers had to provide \$1.5 million to achieve the same, unimpressive five percent gain to insured motorists. The people of South Carolina paid \$1.3 million to increase the number of insured drivers in their state by eight percent.

If a state is serious about a compulsory insurance law, it should be prepared to pay the costs of administering and enforcing it. North Carolina is one of the few states that has made an effort to allocate enough money to enforce its compulsory law. Two years ago, North Carolina's compulsory program, supervised by the Department of Motor Vehicles, was totaling approximately \$1.3 million a year. In addition, the record-keeping was done by a computer system at a cost close to \$1.6 million a year, and the state employed 50 state policemen to pick up about 19,000 license plates a year at a cost of \$500,000. States larger than North Carolina can expect to face an even heavier tab to enforce and administer a compulsory system.

Insurance companies also suffer higher costs under compulsory insurance. If a compulsory system is to be effective, regulatory authorities must be informed when people terminate their insurance coverage or when an insurer cancels or non-renews. The notice of termination procedure can prove to be extremely burdensome and costly to insurers. Compulsory systems require increased man-hours and more computer time. Claim frequency, average claim cost and claim fraud all tend to increase under compulsory insurance systems. The industry prefers to allow drivers to insure themselves voluntarily. When irresponsible high-risk drivers are legally coerced into covering themselves, they take only minimum coverage; they pay as slowly as possible, and they add greatly to clerical procedures.

In these times of rising inflation and uncertain economic conditions, imposing the higher costs of compulsory insurance on the public only increases

the burden the responsible driver must carry. In return for this burden the responsible, already-insured motorist receives virtually nothing in the way of benefits. He could receive real benefits and genuine protection against uninsured motorists from any of the less-costly, more efficient alternatives to compulsory insurance.

Compulsory automobile liability insurance laws force individuals to buy a product for which they have no need.

Automobile liability insurance is designed to be voluntary in nature. The vast majority of drivers need liability insurance and recognize the wisdom of purchasing it to protect their personal wealth and assets. Most people buy liability insurance for the same reason they purchase auto theft and collision coverage -- to protect themselves against insurable losses.

Certain drivers, however, would rather not purchase liability insurance. The reasons people give for not insuring their automobiles vary. A 1981 study by the All-Industry Research Advisory Council asked households with one or more uninsured vehicles why the vehicles happened not to be insured. Forty percent of the people surveyed mentioned cost considerations as the reason for the vehicles not being insured. Sixteen percent said the car is not currently in use, 14 percent said the car is not operable and five percent replied that they had just bought the car. Other reasons, cited by less than one percent of the households each, included: not interested in insurance; car is not worth it; expect to sell car soon; policy cancelled by company; no need for insurance, and car is too old.

Obviously, there are drivers who cannot realistically afford liability insurance in view of their personal financial situation. As a practical matter, the economically disadvantaged have less real need for liability insurance because they have fewer assets to protect and tend to be

judgment-proof. For these persons, even low hazard drivers, low limits on liability insurance are considered expensive. In addition, such persons understandably are reluctant to pay high premiums relative to their income for a policy designed for the protection of strangers.

Requiring economically disadvantaged persons to purchase auto liability insurance will not compel them to do so. A study of the uninsured motorist problem in California, which has a compulsory liability system, found that those who are violating the law were predominately the economically disadvantaged. Entitled Profile of Uninsured Motorists in California, the report disclosed that zip code zones with high rates of uninsureds had significantly lower median incomes and more poverty level persons than zip code zones with a low rate of uninsured drivers.

The insurance industry strongly supports the competitive marketplace. An important characteristic of the competitive marketplace is the buyer's right to reject a product. Compelling an individual to purchase a product for which he has no real need weakens the competitive marketplace.

Compulsory automobile liability insurance laws lead to unnecessary harassment of responsible drivers, who comprise a vast majority of the total driver population.

Citizens have complained in recent years that government is interfering more and more in their everyday lives. The 1980 election results have commonly been interpreted as a clear message to all elected officials that their constituents want less, rather than more, government. Compulsory auto liability insurance laws violate this mandate. Compulsory insurance cannot be properly implemented and enforced without creating additional layers of government bureaucracy at an immense cost.

Compulsory insurance laws prove to be unworkable and burdensome when state agencies attempt to apply the enforcement and administrative procedures on a practical basis. Regulatory authorities often are not properly equipped or given sufficient funds to process the large volume of necessary forms and inquiries generated by the law. The majority of responsible drivers become unnecessarily harassed due to bureaucratic inefficiencies and foul-ups. This is an inevitable side-effect of the compulsory auto liability insurance system.

A November, 1982 report by the Pennsylvania Department of Transportation found that the state received 185,547 cancellation or termination notices from insurers in 1980. But only 4.8 percent of those responding to inquiries concerning their insurance status by the Bureau of Traffic Safety Operations were found to be uninsured. That means that thousands of responsible, insured motorists were unduly harassed by a state authority in its efforts to enforce the state's compulsory insurance law.

Nowhere is this harassment problem more clearly evident than in West Virginia, where a particularly burdensome compulsory liability insurance law was enacted in late 1981. From October 1, 1981 through January 1982, the Department of Motor Vehicles had mailed out 196,000 notices of driver license cancellations. It is estimated that 95 percent of those notices went to persons who had never let their insurance policies lapse.

West Virginia insurers are required under the new law to notify the Department of Motor Vehicles (DMV) when policies are about to expire. The DMV, in turn, must mail those persons notices of license cancellation. Problems are occurring because DMV cancellation notices and owners' premium payments are crossing in the mail. The insured car owner who has paid his premium often simply disregards the cancellation notice. He fails to realize that he is still required to submit a new certificate of insurance to DMV. Then the DMV doesn't receive the notice, it issues a license pick-up to the state police.

To date, more than 2,500 orders have been issued. The DMV admits that most of the pick-up orders were mistakes and imposed on responsible individuals who had insurance on their cars but simply disregarded the notice.

According to officials in the West Virginia DMV, the law has resulted in a mountain of paperwork and has created unnecessary hassles for many premium-paying citizens. The Department had to ask the legislature to revise the law to correct the administrative debacle. Remedial legislation was enacted in 1982 and the legislature will have to continue making improvements in the compulsory law in 1983. Other states also have had to amend their compulsory laws over the last couple of years, including Colorado, Kansas, Louisiana, Montana, New York and Oklahoma.

One prominent West Virginia legislator, William Carmichael, was quoted as saying, "I don't remember anything this legislature has ever passed that has upset the citizens of this state as much as the compulsory law has." The legislator further observed that "support for compulsory insurance has dropped among my constituents."

Provisions in compulsory insurance laws requiring evidence of insurance also result in public harassment. Many compulsory states require the motor vehicle owner to provide evidence of insurance upon registration of the vehicle. Proof-of-insurance forms, such as certificates of insurance or prescribed identification cards, are a constant nuisance for responsible drivers and easily circumvented by insurance dodgers.

Certificates of insurance are issued by the insurance company for the insured to submit when registering his vehicle. Such certificates inevitably generate even more certificates. Communications between the public, the insurance industry and the regulatory authorities snowball in a futile attempt to identify the uninsured registrant. With each additional transaction, the

likelihood that a form will be issued by mistake or lost intensifies. It's the responsible motorist who often falls prey to these administrative blunders.

Prescribed identification cards, which are provided upon the issuance and renewal of a policy, have also proven to be a problem. Payments or renewal premiums are frequently delayed, so the responsible insured motorist is harassed unnecessarily.

West Virginia isn't the only state in which responsible insured drivers are harassed and frustrated by an unwieldy and burdensome compulsory law. During the first 15 years of New York's compulsory liability law, insurers were required to notify the New York Bureau of Motor Vehicles whenever coverage had been cancelled. Every time a policyholder was late sending in his payment, every time the premium was delayed by the mail, or even when the policyholder decided to change companies, the insurance company was required to notify the DMV. The DMV then sent a notice to the insured threatening to pick up his plates. This naturally angered a lot of responsible insureds, who would fire off irate letters to their insurance companies asking why they had wrongly informed the DMV that they lacked coverage. In 1973, these notice requirements were dropped, but were ill-advisedly reinstated in 1981.

In summary, efforts by state regulatory authorities to achieve total compliance with the compulsory law results in the unnecessary harassment of the majority of drivers who are financially responsible.

Compulsory automobile liability insurance laws are more expensive and have more deficiencies than the cost-effective, viable alternatives which are available.

Among the cost-effective alternatives to compulsory insurance are improvement of Financial Responsibility laws, Uninsured Motorist Protection, and No-Fault Auto Insurance.

IMPROVED FINANCIAL RESPONSIBILITY LAWS

Financial Responsibility laws require certain individuals to prove they will be able to pay damages that might be awarded to other accident victims. Generally, they can show proof with a liability insurance policy providing minimum required benefit limits, by posting a bond for the same amount, or by depositing cash or securities in that amount. If they fail to do so, they face the possible suspension or revocation of their driving license for a certain length of time.

Today, Financial Responsibility laws requiring security for past accidents and proof of financial responsibility for future accidents are in effect in all of the noncompulsory insurance law states. This cost-effective, viable alternative to compulsory insurance is already in place; there's no need to consider or enact new legislation. By making improvements in their state's current Financial Responsibility Law, legislators can develop a workable plan that would protect insured motorists more effectively, cost less, and involve fewer administrative and enforcement hassles than would a compulsory liability insurance system.

Financial Responsibility (FR) Laws have other distinct advantages over compulsory liability insurance laws. A compulsory auto liability law is directed at all motorists regardless of traffic convictions or accident involvement. By comparison, FR laws only apply to a limited group of motorists: those who are serious traffic law offenders, those who cause major automobile accidents, and those who are financially irresponsible due to their inability to reimburse others for damages they have caused. FR laws do not affect motorists indiscriminately. They focus only on drivers who deserve close surveillance because of their past driving irregularities.

Because FR laws do not apply to all drivers, the cost of enforcement is greatly reduced, insurance company operating costs are cut, and the great

majority of responsible motorists are not harassed by state efforts to enforce compulsory insurance. Under FR laws, state pressure is not automatically exerted on motorists who cannot afford to buy insurance and those who have no need for liability coverage.

A compulsory insurance law may, and generally does, affect only drivers registering their motor vehicles. Even then it may apply on a limited basis to only the in-state registrants of certain types of motor vehicles, such as private passenger cars. A Financial Responsibility Law, on the other hand, can apply to any motorist regardless of whether his vehicle is registered in-state or out-of-state, and regardless of the type of vehicle involved, private passenger or commercial.

In comparison to a compulsory insurance law, a well-enforced Financial Responsibility Law is far less costly to administer and just as effective in dealing with irresponsible drivers in the state. However, an FR law cannot be effective if the state agency responsible for administering the law is not receiving the information necessary for proper enforcement. The monetary threshold for those property damage accidents which the driver are required to report to the state should be no higher than \$200 or \$250. Increasing the monetary accident reporting threshold will reduce the number of accident reports processed and allow many irresponsible drivers to escape early detection, surveillance and state penalties.

In addition to preserving the value of accident reporting data, the state should make certain it is receiving data on all traffic violations, police reports, and court judgments required by law. Measures must be adopted to compel law enforcement and court officials to submit any required accident/violation and judgment/conviction data to the appropriate state driver control agency.

Greater attention should be focused on processing the Financial Responsibility filings and traffic record/court record data in a more timely fashion. A state should be certain the equipment and manpower available to its Motor Vehicle Department is being used effectively and efficiently. The enforcement of the Financial Responsibility law should not be second priority to the compilation of traffic and accident statistics or other record-keeping responsibilities.

UNINSURED MOTORIST PROTECTION

Individuals should be concerned about their liability for damages to others, but many motorists either have no assets to protect or are unwilling to purchase liability insurance and therefore go uninsured. To protect the innocent, responsible person against a loss covered by an uninsured motorist, insurance companies provide Uninsured Motorist Coverage (UM). This coverage is designed to pay for bodily injury damages to the policyholder caused by an uninsured motorist. If the policyholder's car is struck by an uninsured vehicle, the insured's loss is covered under the Uninsured Motorist portion of the policy. Reasonable premiums are charged for this coverage.

Every state with a compulsory liability insurance law also requires insurers to offer coverage. The fact that legislators feel compelled to make this protection available to drivers demonstrates that they do not trust the effectiveness of a compulsory liability insurance system. They are acknowledging that a compulsory system does not protect responsible, insured drivers from losses suffered in accidents with uninsured motorists.

Most drivers in compulsory states do indeed buy the UM coverage for added low-cost protection against loss. These responsible drivers therefore carry a double economic burden by paying premiums for UM coverage, and by bearing the cost of enforcing a compulsory insurance law.

By purchasing Uninsured Motorist coverage, a motorist is guaranteeing that all future drivers and passengers in the insured auto will be protected from losses caused by an irresponsible, uninsured motorist or a hit-and-run driver. Compulsory liability insurance cannot make such guarantees.

NO-FAULT INSURANCE

No-Fault insurance is a system which enables auto accident victims to recover benefits regardless of fault. This is not possible through compulsory automobile liability plans which fail to adequately address the problem inherent in the tort system and fail to guarantee recovery of losses. The U.S. Department of Transportation reports that almost 55 percent of those seriously injured in auto accidents get absolutely nothing from automobile liability insurance. No-Fault insurance relieves the financial suffering of those drivers involved in accidents with uninsured motorists.

No-Fault also eliminates lawsuits arising from smaller, relatively trivial claims and provides prompt payment for injuries to those needing the money most. By contrast, the compulsory auto liability system would continue indefinitely one of the common complaints of the present tort system, providing extra-ordinarily large claim awards for relatively minor injuries. Under no-fault, the recovery benefits are spread more evenly, making certain that all claimants receive adequate compensation.

It is little wonder that the no-fault method of compensating victims of uninsured motorists has enjoyed a lot of popular appeal over the past ten years. Virtually every segment of the insurance industry and representatives of major consumer groups support state no-fault plans, praising no-fault's advantages. These advantages include:

- A reduction in the volume of lawsuits.
- An end to the incentive toward exaggerating injuries.
- A quick and efficient method of payment directly to the accident victim.
- An end to the need for determining the negligence in any given accident.
- A better distribution of the insurance premium dollar.
- Coordination of benefits, with provision for prompt rehabilitation.
- Stabilization of auto insurance costs.

Although this particular battle may be over for now, the trial lawyers who so often support compulsory liability insurance ought to be aware that the promotion of compulsory liability insurance is also an invitation to consumers and the public to re-open the no-fault insurance issue.

CONCLUSION

In summary, the insurance industry's opposition to compulsory automobile insurance systems is based on sound logic. Compulsory insurance laws are expensive, ineffective, and do not fulfill the well-intentioned goals set by the lawmakers who create them. State legislators concerned with protecting innocent drivers from financial blows suffered in accidents caused by uninsured motorists should consider exploring and implementing alternatives to compulsory systems, such as, stricter Financial Responsibility Laws, Uninsured Motorist Protection and No-Fault Insurance. The alternatives can and do provide more certain compensation to a greater number of responsible drivers, without trying to force everyone to buy a product which they may or may not want.

APPENDIX

INSURANCE RATE LEVELS IN STATES WITH COMPULSORY SYSTEMS VERSUS INSURANCE
RATE LEVELS IN COMPARABLE STATES WITHOUT COMPULSORY SYSTEMS

<u>Compulsory States (a)</u>	<u>Comparable States (b)</u>	<u>Overall Pure Premium Percentage Change (c)</u>	<u>Average Annual Pure Premium Percent Change (c)</u>
<u>CALIFORNIA (1/1/75)</u>		<u>43.0%</u>	<u>8.2%</u>
	Illinois	24.2	5.5
	Ohio	17.7	3.4
	Texas	34.0	6.0
<u>LOUISIANA (7/1/78)</u>		<u>14.2%</u>	<u>11.2%</u>
	Alabama	0.1	0.9
	Mississippi	-1.2	1.4
	Tennessee	1.6	-1.3
<u>MARYLAND (7/1/73)</u>		<u>43.3%</u>	<u>7.9%</u>
	Indiana	21.3	5.0
	Virginia	32.0	6.2
	D.C.	23.9	4.4
<u>OKALHOMA (12/11/76)</u>		<u>11.6%</u>	<u>3.7%</u>
	Arkansas	10.9	3.5
	Iowa	7.0	2.8
	Missouri	3.7	1.0
<u>OREGON (1/1/76)</u>		<u>35.0%</u>	<u>8.4%</u>
	Maine	19.6	3.9
	West Virginia	18.8	6.8
	Wisconsin	12.8	3.7
<u>SOUTH CAROLINA (10/1/74)</u>		<u>27.0%</u>	<u>5.6%</u>
	Alabama	22.5	5.5
	Arkansas	21.1	4.1
	Tennessee	14.9	2.9

- (a) - The figures in the parentheses by the compulsory states are the effective dates of their compulsory laws.
- (b) - The comparison states were chosen for their similarity to a compulsory state in demographic characteristics, geographic characteristics and the number of insured vehicles.
- (c) - The liability pure premium ratio was used as a basis for comparison because it represents the average amount of loss per insured vehicle. An increase in pure premium suggests that the average claim per insured vehicle has risen as a result of the inclusion of those motorists who did not carry auto liability insurance prior to the adoption of the compulsory law.

SOURCE OF DATA: Fast Track Monitoring System, comprising loss experience of companies reporting to the National Association of Independent Insurers and the Insurance Services Office. The Fast Track Monitoring System loss experience begins with data for the year ending fourth quarter 1976.

TIME PERIOD: The time period selected for comparison purposes is that period after which each compulsory law has become effective (and limited to when the Fast Track Monitoring System loss experience begins) through the year ending second quarter 1981.

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STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

**HB7 - Proposed Substitute
Dated 2-17-84.

Revision Date: _____

REQUEST

Bill/Resolution No.: **
Title: An Act relating to motor
vehicles; and providing for....
Sponsor: Hayes
Requestor:
Date of Request:

FISCAL DETAIL

Agency Affected: Public Safety
Program Category Affected: Life and
Property Protection
BRU, Program or Subprogram(s) Affected:
Motor Vehicles/Driver Services

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES		108.9	256.7	300.7	318.7	337.8
200 TRAVEL		8.3	7.6	8.1	8.6	9.1
300 CONTRACTUAL		165.1	238.6	276.1	323.2	342.6
400 SUPPLIES		6.1	6.5	6.9	7.3	7.7
500 EQUIPMENT		34.2	4.8	-0-	2.4	3.6
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING		322.6	514.2	591.8	660.2	700.8
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		322.6	514.2	591.8	660.2	700.8
FEDERAL FUNDS						
OTHER						
TOTAL		322.6	514.2	591.8	660.2	700.8

POSITIONS:

FULL-TIME		7	9	9	9	9
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

Not identified by the sponsor.

ANALYSIS: Attach a separate page for analysis

Prepared By: Bill Brown
Division: Motor Vehicles
Phone: 465-4335
Date: 3-2-84

Approved by Commissioner: [Signature]
Agency: Public Safety
Date: 3/6/84

Distribution (by Agency preparing fiscal note):

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

12/1/83

100 PERSONAL SERVICES

2 Driver Imp. Specialist	6 months	41,031		
1 Document Proc. Clk III	6 months	14,784		
1 Document Proc. Clk II	7 months	15,470		
1 Document Proc. Clk II	6 months	13,260		
1 Clerk Typist III	6 months	13,260		
1 Clerk Typist III	5 months	11,050		
(Includes Salary & Benefits		<u>108,855</u>	108.9	108.9

200 TRAVEL

To conduct hearings on proposed regulations:
 Jno to Anc, Fbx, Palmer, Ken/Sol,
 Kodiak, Nome, Ktn & Sitka.

Travel	2.5		
Per Diem for 18 days	1.5		

Hearing Officers to conduct administrative
 hearings, and training.

Travel	2.5		
Per Diem for 28 days	<u>2.2</u>		
	8.3		

8.3 8.3

300 CONTRACTUAL

310

Postage			
11,558 certified letters @1.75	20.2		
10,728 regular letters @.22	2.4		
General Correspondence	.7		
Telephones & tolls	<u>2.8</u>		
	26.1 x 1/2	13.1	

320

Forms			
Sec. 2 450,000 x .0186	8.4		
Sec. 3 180,000 x .0186	3.3		
Other	2.4	14.1	
Advertising			
Public Notice - Regulations	2.2		
Public Education (Sec. 16)	23.0	25.2	

330

Driver Services Space Lease			
3,500 sq. ft. at \$2.65	111.3 x 1/2	55.7	

340	Microfilm equipment	1.7		
	Office equipment	<u>2.2</u>		
		3.9 x 1/2	2.0	
360	1 copy machine @ 270 per mo	3.2		
	1 postage meter @ 53 per mo	.6		
	3 CRT terminals @ 206 per mo ea	7.4		
	1 controller @ 258 per mo	<u>3.1</u>		
		14.3 x 1/2	7.1	
380	Contractual services - DP program	35.0		
	Installation of CRTs & Controller	.4		
	Moving costs of Driver Services	2.1		
	Professional Services (New slides for written tests)	3.8	41.3	
382a	DP line charges - 3 terminals @ 2,000 per year each	6.0		
	DP Data Circuit - 3 terminals @ 1,500 per year each	4.5		
	CRT Maintenance - 3 terminals @ 900 per year each	<u>2.7</u>		
		13.2 x 1/2	6.6	165.1
400	COMMODITIES			
460	Microfilm equipment parts	.3		
480	Normal office supplies	4.2		
	Microfilm supplies	1.6	6.1	6.1
500	EQUIPMENT			
	3 desks w/typing extensions @576.09	1.7		
	4 desks @468.71	1.9		
	5 typewriters @1,369.36	6.8		
	7 chairs @272.21	1.9		
	3 CRT tables @225	.7		
	4 file cabinets @308.66	1.2		
	1 storage cabinet	.2		
	1 bookcase	.1		
	1 IMT 150 microfilm reader/printer	15.9		

.2 side chairs @147	.3		
2 typing tables @103.53	.2		
7 acoustical panels @340	2.4		
Recording equipment	.9		
	<u>34.2</u>	34.2	<u>34.2</u>
		GRAND TOTAL	322.6

ASSUMPTIONS:

The basic assumption of this fiscal note is that for this bill to be effective there must be an adequate system of enforcement and compliance. Other stated with mandatory insurance laws estimate that 5-15% of their vehicles are operating without insurance as citizens find ways to circumvent the law. We find that our present Financial Responsibility Law, AS 28.20, is practically as effective, and far less costly, both to the state bureaucracy, and to the citizens directly.

For this bill to be effective the Division of Motor Vehicles would need nine new employees. Seven are requested for FY85, and two additional midway through FY86. Six of these would be located at Driver Services Headquarters in Juneau, and three at Driver Improvement Headquarters in Anchorage. The present Driver Services Headquarters location will not accommodate this much expansion, therefore, the fiscal note provides for relocation and lease of new space for this section.

Effective date of January 1, 1985.

Time period set for Section 28.22.060(a) will be 1 year.

DOT/PF can supply DMV with statistics concerning traffic volume as required in Sec. 28.22.030(f), thus avoiding need to purchase equipment, and provide personnel to handle this function.

If an uninsured person is in an accident, and cited for major violation as a result of the accident, only one suspension will be initiated.

6% inflation factor used for FY86, and subsequent years. Experience reflects that once original suspension time periods end, and "Proof For The Future" is required, the number of certified letters required will increase substantially. Each time insurance is cancelled the insurance company notified DMV. DMV must in turn originate another license action, and notify licensee via certified mail. Therefore, a larger than 6% increase is reflected in line item 300 for FY86, FY87 and FY88, since "Proof For The Future" is a three year requirement.

1.	POSITION TITLE Driver Improvement Specialist				RANGE/STEP 16A	BARG. UNIT GGU	FORM 12 PAGE/LINE	GOV.	APPROV.	DISAPP.
2.	TYPE OF POSITION PFT	STAFF MONTHS 12	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION Anchorage	ELECTION DISTRICT 7-15	LEG.		
3.	CONTINUATION LEVEL				JUSTIFICATION					
4.	TYPE OF EXPENDITURE			AMOUNT						
	1	2	3							
	PERSONAL SERVICES									
5.	Salary	30.876								
6.	Benefits									
7.	Supplemental Benefits									
8.	Fixed Benefits	10.155								
9.	TOTAL PERSONAL SERVICES	01	41.0							
10.	Travel	02	1.5							
11.	Contractual	03								
12.	Commodities	04	.3							
13.	Equipment	05	.7							
14.	Other									
15.	TOTAL COST									
	RECEIPT CODE	FUNDING SOURCE								
16.		Federal Receipts 1002								
17.		G.F. Match 1003								
18.		General Funds 1004								
19.		I-A Receipts 1005								
20.		Program Receipts 1028								
21.		Other								
FOR B&M USE ONLY										
4A KEY NUMBER _____										

This position will be responsible to hold hearings under the driver license administrative suspension program. Each time a license is suspended for not providing proof of insurance after an accident or moving violation, the individual has the right to ask for a hearing, per AS 28.05.131-141. In addition to holding hearings, would have to prepare for each hearing; and maintain appropriate records of each hearing.

With a one year license action, we foresee a large percentage of individuals requesting a hearing.

Travel for FY85 is based on two trips to the Kenai Peninsula, one trip to Seward, and one trip to Kodiak, all from Anchorage.

Prepared showing full year costs. Only six month's cost reflected on fiscal note for FY85.

13 REQUEST FOR
NEW POSITION

AGENCY Public Safety

PROGRAM Life and Property Protection

BRU Motor Vehicles

COMPONENT Driver Services

FY 85

Page _____ of _____
Revised Date _____

1.	POSITION TITLE Driver Improvement Specialist				RANGE/STEP 16A	BARG. UNIT GGU	FORM 12 PAGE/LINE	GOV.	APPROV.	DISAPP.
2.	TYPE OF POSITION PFT	STAFF MONTHS 12	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION Juneau	ELECTION DISTRICT 4	LEG.		
3.	CONTINUATION LEVEL				JUSTIFICATION					
4.	TYPE OF EXPENDITURE			AMOUNT						
	PERSONAL SERVICES			3						
5.	Salary	30,876								
6.	Benefits									
7.	Supplemental Benefits									
8.	Fixed Benefits	10,155								
9.	TOTAL PERSONAL SERVICES	01		41.0						
10.	Travel	02		2.8						
11.	Contractual	03								
12.	Commodities	04		.3						
13.	Equipment	05		1.6						
14.	Other									
15.	TOTAL COST									
	RECEIPT CODE	FUNDING SOURCE								
16.		Federal Receipts 1002								
17.		G.F. Match 1003								
18.		General Funds 1004								
19.		I-A Receipts 1005								
20.		Program Receipts 1028								
21.		Other								
FOR B&M USE ONLY 4A KEY NUMBER _____										

This position will be responsible to hold hearings under the driver license administrative suspension program. Each time a license is suspended for not providing proof of insurance after an accident or moving violation, the individual has the right to ask for a hearing per AS 28.05.131-141. In addition to holding hearings, would have to prepare for each hearing and maintain appropriate records of each hearing. With a one year license action we foresee a large percentage of individuals requesting a hearing.

Travel for FY85 is based on two trips from Juneau to Ketchikan, Sitka, Petersburg, and Wrangell for hearings, and one trip from Juneau to Anchorage for two weeks of training.

Prepared showing full year costs. Only six month's cost reflected on fiscal note for FY85.

13 REQUEST FOR
NEW POSITION

AGENCY Public Safety
PROGRAM Life and Property Protection
BRU Motor Vehicles
COMPONENT Driver Services

FY 85

Page of
Revised Date

1.	POSITION TITLE Documents Processing Clerk III				RANGE/STEP 10A	BARG. UNIT GGU	FORM 12 PAGE/LINE	GOV.	APPROV.	DISAPP.
2.	TYPE OF POSITION PFT	STAFF MONTHS 12	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION Juneau	ELECTION DISTRICT 4	LEG.		
3.	CONTINUATION LEVEL				JUSTIFICATION					
4.	TYPE OF EXPENDITURE			AMOUNT						
	1		2		3					
	PERSONAL SERVICES									
5.	Salary		21,636							
6.	Benefits									
7.	Supplemental Benefits									
8.	Fixed Benefits		7,932							
9.	TOTAL PERSONAL SERVICES		01		29.6					
10.	Travel		02		-					
11.	Contractual		03		-					
12.	Commodities		04		.2					
13.	Equipment		05		.7					
14.	Other									
15.	TOTAL COST									
	RECEIPT CODE	FUNDING SOURCE								
16.		Federal Receipts 1002								
17.		G.F. Match 1003								
18.		General Funds 1004								
19.		I-A Receipts 1005								
20.		Program Receipts 1028								
21.		Other								
FOR B&M USE ONLY										
4A KEY NUMBER _____										

This position will process all notifications from the court which reflect an individual who is required to show proof of insurance following a charge of a moving traffic violation did not do so. Will research files to determine appropriate time frame, and send a suspension notice to each individual.

This position will also handle all correspondence concerning oral and written answers or statements from the licensee.

Will enter license actions onto computer system. This requires extreme accuracy to prevent incorrect status or incorrect record. Otherwise an innocent citizen may go to jail.

Prepared showing full year costs. Only six month's cost reflected on fiscal note for FY85.

13 REQUEST FOR
NEW POSITION

AGENCY Public Safety

PROGRAM Life and Property Protection

BRU Motor Vehicles

COMPONENT Driver Services

FY 85

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Revised Date _____

1.	POSITION TITLE Documents Processing Clerk II			RANGE/STEP 8A	BARG. UNIT GGU	FORM 12 PAGE/LINE	GOV.	APPROV.	DISAPP.
2.	TYPE OF POSITION PFT	STAFF MONTHS 12	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION Juneau	ELECTION DISTRICT 4	LEG.	
3.	CONTINUATION LEVEL	ADDITION	JUSTIFICATION						
4.	TYPE OF EXPENDITURE			AMOUNT					
	1	2	3						
	PERSONAL SERVICES								
5.	Salary	19,176							
6.	Benefits								
7.	Supplemental Benefits								
8.	Fixed Benefits	7,341							
9.	TOTAL PERSONAL SERVICES	01	26.5						
10.	Travel	02							
11.	Contractual	03							
12.	Commodities	04	.2						
13.	Equipment	05	2.6						
14.	Other								
15.	TOTAL COST								
	RECEIPT CODE	FUNDING SOURCE							
16.		Federal Receipts	1002						
17.		G.F. Match	1003						
18.		General Funds	1004						
19.		I-A Receipts	1005						
20.		Program Receipts	1028						
21.		Other							
FOR B&M USE ONLY 4A KEY NUMBER _____									

This position will handle and file proof of insurance forms received from persons involved in accidents. Will set up and handle a tickler file to keep track of individuals who are involved in accidents and do not submit proof of insurance within the required time frame.

If proof of insurance is not received, will research files to determine time frame; then prepare and mail a suspension notice to individual. Must coordinate with Financial Responsibility section when it appears individual may be liable for damages, and thus be consecutive to any FR license action.

Will submit requests to insurance companies to verify veracity of documents filed for proof after an accident. If proof is not substantiated, will research files, then prepare and send suspension notice to individual who submitted false information.

This form prepared showing full year costs. Only seven month's cost reflected on fiscal note for FY85.

13 REQUEST FOR
NEW POSITION

AGENCY Public Safety
PROGRAM Life and Property Protection
BRU Motor Vehicles
COMPONENT Driver Services

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Revised Date _____

FY 85

1.	POSITION TITLE Clerk Typist III				RANGE/STEP 8A	BARC. UNIT GGU	FORM 12 PAGE/LINE	GOV.	APPROV.	DISAPP.
2.	TYPE OF POSITION PFT	STAFF MONTHS 12	RP NUMBER	PCN NUMBER	BPI PRIORITY	LOCATION Anchorage	ELECTION DISTRICT 7-15	LEG.		

3.	CONTINUATION LEVEL	ADDITION	
4.	TYPE OF EXPENDITURE		AMOUNT
	1	2	3
	PERSONAL SERVICES		
5.	Salary	19,176	
6.	Benefits		
7.	Supplemental Benefits		
8.	Fixed Benefits	7,341	
9.	TOTAL PERSONAL SERVICES	01	26.5
10.	Travel	02	- -
11.	Contractual	03	-
12.	Commodities	04	.2
13.	Equipment	05	2.6
14.	Other		
15.	TOTAL COST		

JUSTIFICATION

This position would transcribe hearing records as requested and prepare certified copies of those records for courts, prosecutors, private attorneys, etc., when necessary.

Would prepare documents required by the court whenever an appeal is filed. This includes "Notice of Parties", "Affidavits", "Notice of Filing of Record", etc.

Prepared showing full year costs. Only five month's cost reflected on fiscal note for FY85.

	RECEIPT CODE	FUNDING SOURCE
16.		Federal Receipts 1002
17.		G.F. Match 1003
18.		General Funds 1004
19.		I-A Receipts 1005
20.		Program Receipts 1028
21.		Other

FOR B&M USE ONLY
4A KEY NUMBER _____

13 REQUEST FOR
NEW POSITION

AGENCY Public Safety

PROGRAM Life and Property Protection

BRU Motor Vehicles

COMPONENT Driver Services

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Revised Date _____

FY 85

1.	POSITION TITLE Documents Processing Clerk II				RANGE/STEP 8A	BARG. UNIT GGU	FORM 12 PAGE/LINE	COV.	APPROV.	DISAPP.
2.	TYPE OF POSITION PFT	STAFF MONTHS 12	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION Juneau	ELECTION DISTRICT 4	LEC.		
3.	CONTINUATION LEVEL		ADDITION		JUSTIFICATION This position will mainly handle computer entry of microfilmed items so it is possible to retrieve documents. New law will generate thousands of additional pieces of paper. Driver Services microfilms all documents as a cost saving factor to prevent cost of storage space, files, etc. Will also assist in preparation of documents for micro-filming. Will prepare certified copies of suspension notices, and supporting documents for use by prosecutors, courts, law enforcement officers, private attorneys, etc. Prepared showing full year costs. Only six month's cost reflected on fiscal note for FY85.					
4.	TYPE OF EXPENDITURE			AMOUNT						
	1	2	3							
	PERSONAL SERVICES									
5.	Salary	19,176								
6.	Benefits									
7.	Supplemental Benefits									
8.	Fixed Benefits	7,341								
9.	TOTAL PERSONAL SERVICES	01		26.5						
10.	Travel	02		-						
11.	Contractual	03		-						
12.	Commodities	04		.2						
13.	Equipment	05		2.2						
14.	Other									
15.	TOTAL COST									
	RECEIPT CODE	FUNDING SOURCE								
16.		Federal Receipts	1002							
17.		G.F. Match	1003							
18.		General Funds	1004							
19.		I-A Receipts	1005							
20.		Program Receipts	1020							
21.		Other								
FOR B&M USE ONLY 4A KEY NUMBER _____										

13 REQUEST FOR
NEW POSITION

AGENCY Public Safety
PROGRAM Life and Property Protection
BRU Motor Vehicles
COMPONENT Driver Services

Page _____ of _____
Revised Date _____

FY 85

1.	POSITION TITLE Clerk Typist III				RANGE/STEP 8A	BARG. UNIT GGU	FORM 12 PAGE/LINE	COV.	APPROV.	DISAPR.
2.	TYPE OF POSITION PFT	STAFF MONTHS 12	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION Anchorage	ELECTION DISTRICT 7-15	LEG.		
3.	CONTINUATION LEVEL				JUSTIFICATION					
4.	TYPE OF EXPENDITURE			AMOUNT						
	1		2		3					
	PERSONAL SERVICES									
5.	Salary		19,176							
6.	Benefits									
7.	Supplemental Benefits									
8.	-Fixed Benefits		7,341							
9.	TOTAL PERSONAL SERVICES		01		26.5					
10.	Travel		02		-					
11.	Contractual		03		-					
12.	Commodities		04		.2					
13.	Equipment		05		2.6					
14.	Other									
15.	TOTAL COST									
16.	RECEIPT CODE	FUNDING SOURCE								
17.		Federal Receipts 1002								
18.		G.F. Match 1003								
19.		General Funds 1004								
20.		I-A Receipts 1005								
21.		Program Receipts 1028								
		Other								
FOR B&M USE ONLY 4A KEY NUMBER _____										

This position would handle necessary paperwork for scheduling hearings, notifying individuals of hearing date, time and location, and keep appropriate records. They would handle most inquiries concerning hearings, and refer technical items to the hearing officer.

Would update computer files reflecting when license action is stayed upon receipt of request for a hearing. Also update computer files after decision is rendered by the hearing officer.

This form prepared showing full year costs. Only six month's cost reflected on fiscal note for FY85.

13 REQUEST FOR
NEW POSITION

AGENCY Public Safety
 PROGRAM Life and Property Protection
 BRU Motor Vehicles
 COMPONENT Driver Services

Page _____ of _____
 Revised Date _____

FY 85

Alaska State Legislature



Speaker of the House of Representatives

Official Business

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

ATTACHED ARE COPIES OF LETTER FROM ALASKAN POLICE CHIEFS IN SUPPORT OF HB 7 FROM THE FOLLOWING CITIES.

SITKA

KODIAK

ANCHORAGE

KENAI

JUNEAU

HOMER

BETHEL

SOLDOTNA

CORDOVA



747-3245/46 BUSINESS
747-8323 CRIME INFO. LINE
911 EMERGENCY

CITY AND BOROUGH
OF SITKA
DEPARTMENT OF POLICE
P.O. BOX 79 • SITKA, ALASKA 99835



ART R. LE TOURNEAU
CHIEF OF POLICE

November 2, 1983

Speakers Office
1024 W. 6th 201-D
Anchorage, Alaska 99501

Dear Sir:


I have very definite opinion regarding the uninsured motorists in this community and the state. I was pleased to read of the house bill which would require proof of insurance to register a vehicle. I firmly believe that this type of procedure coupled with a penalty, is one step toward protecting the public from the uninsured motorist. I am only sorry it did not pass both houses and become law.

I have seen a great many problems brought about by the uninsured motorist. I am familiar with a similar law in Oregon. In that state a motorist must also show proof of insurance to a police officer along with his state operators license and registration. Failure to do so is a violation. I believe I was told that failure to have insurance in Oregon was a minimum \$1,000.00 fine.

Any penalty attached to this law should be of a sufficient nature to compel the less than responsible motorist to acquire insurance.

I sincerely hope a mandatory insurance bill will pass into law during the next session. If I can assist in any way, please feel free to call on me.

Sincerely,


Art R. LeTourneau
Chief of Police



November 28, 1983

Honorable Joe L. Hayes
Speaker of the House of Representatives
Speaker's Office
1024 West 6th 201-D
Anchorage, Alaska 99501

Dear Speaker Hayes

I would be in support of efforts to enact a mandatory liability insurance law in the State of Alaska. A high percentage of our motor vehicle accidents involve persons without liability insurance. Frequently it seems these parties are at fault in the accident and are financially unable to make restitution to the other motorists. Since receipt of your letter of October 24th I have discussed this matter with several other people both within law enforcement and within the broader context of the justice system and find that they are nearly unanimous in their support of mandatory liability insurance. I would hope that such a provision is enacted in the next session and am supportive of efforts to that end.

Thank you for bringing this matter to my attention.

Sincerely,


Edgar E. Martin
Chief of Police

EEM/dk

cc: Mr. S.C. Gesko, City Manager
City of Kodiak



TONY KNOWLES
MAYOR

ANCHORAGE POLICE DEPARTMENT

625 C STREET • ANCHORAGE, ALASKA 99501-3599
TELEPHONE (907) 279-1441



BRIAN S. PORTER
CHIEF

November 7, 1983

Joe L. Hayes
Speaker of the House
Speaker's Office
1024 W. 6th 201-D
Anchorage, Alaska 99501

Dear Representative Hayes,

House Bill 7 (Auto Liability Insurance) is long overdue. It would provide relief to those motorists responsible enough to always procure insurance. It has been my experience that those motorists who do not show that responsibility are also those who are not the most considerate of drivers. The uninsured motorist creates a totally unnecessary burden for the other users of the roadways.

Current law requires only that an uninsured driver establish financial responsibility after the accident. By then, in real terms, the damage is done and often results in the insured driver, who doesn't carry comprehensive insurance bearing the repair and medical costs of an accident that he did not create.

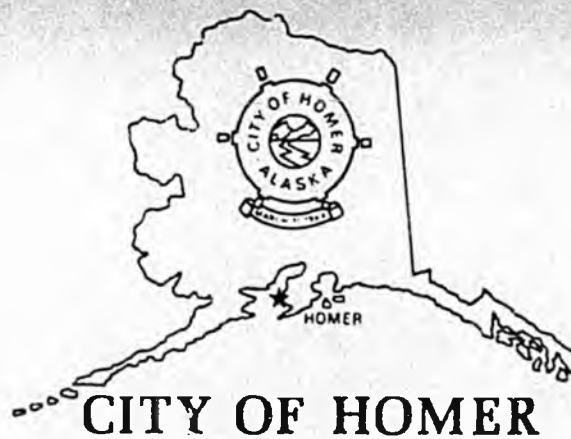
While State Highway Safety should have better data, a random check of 800 accident reports this year in Anchorage indicates that approximately 25% of these drivers were uninsured.

I believe that Jeff Day's review of "Mandatory Auto Insurance" has adequately addressed the problems and solutions. I certainly feel that passage of HB7 would be in the best interests of the State.

Sincerely,

Brian S. Porter
Chief of Police

BSP:vka



BOX 391

HOMER, ALASKA 99603

December 16, 1983

Representative Joe L. Hayes
Speaker of the House of Representatives
Pouch V
Juneau, Alaska 99811

Dear Mr. Speaker:

In response to your inquiry concerning mandatory automobile liability insurance I offer the following comments.

Homer is a fast growing community blessed with many automobiles and few adequate streets. Due, in part, to the congestion of traffic and street conditions we certainly have our share of automobile accidents, particularly in the summer months with the influx of visitors.

I would venture to say the estimate of the Division of Insurance, that 40% of the motorists are uninsured, is conservative at best. I think it may be as high as 50%.

Literally hundreds of thousands of dollars are lost in the community annually by way of automobile accidents. Much of the loss is not recoverable due to uninsured motorist.

Typically the uninsured motorist is your worst type of driver on the road, just by their action of driving without insurance they are demonstrably irresponsible.

They often have suspended drivers license or lengthy driving records. They cannot buy a sound, safe automobile because they cannot secure financing unless they show proof of insurance and because of their driving records the insurance is too expensive for them to afford both. They often end up driving a "jalopy" that is a hazard to everyone on the road and to them not worth insuring.

It has been my observation and opinion over the past eleven years as Police Chief of Homer, that innocent people are getting killed and injured, and losing thousands of dollars by automobile accidents with uninsured motorists. Most often it would only be an exercise in futility to sue in Civil Court to recover your losses if you're hit by one of these irresponsible drivers. The old phrase, "you can't squeeze blood out of a turnip", certainly applies to most uninsured motorists.

-2-

Representative Joe L. Hayes - Con't.

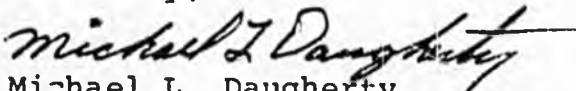
I would support legislation for mandatory liability insurance for all motorists.

If the legislation becomes law it should also contain stiff criminal penalties for operating a motor vehicle without insurance.

The current system of requiring insurance or proof of financial responsibility after an accident is not working very well, it's analogous to closing the barn door after the horse has already escaped.

Thank you for providing an opportunity for my input.

Sincerely,


Michael L. Daugherty
Director of Public Safety

MLD:sj



Bethel Police Department

P. O. BOX 388 : BETHEL, ALASKA 99559

NOVEMBER 3, 1983

JOE L. HAYES
SPEAKER OF THE HOUSE
POUCH V
JUNEAU, ALASKA 99811

DEAR REPRESENTATIVE HAYES,

AFTER READING YOUR LETTER IN REFERENCE TO LIABILITY INSURANCE WHEN REGISTERING AUTOMOBILES, I FIND I AM IN FAVOR OF THIS TYPE OF LEGISLATION.

IT IS QUITE COMMON IN BUSH ALASKA THAT PEOPLE OWN AND OPERATE VEHICLES WITHOUT INSURANCE. IT IS ALSO VERY COMMON TO INVESTIGATE ACCIDENTS WHERE PEOPLE FIND THERE IS NO INSURANCE COVERING THE DRIVER OF VEHICLES INVOLVED. THIS LEAVES MANY PEOPLE WITH NO OPTION EXCEPT CIVIL COURT TO ATTEMPT TO GAIN RESTITUTION FOR DAMAGES AND MANY TIMES MEDICAL COSTS.

EVERYONE WHO FINANCES A VEHICLE THROUGH A BANK OR LOAN AGENCY IS REQUIRED TO CARRY INSURANCE ON THEIR NOTE. HOWEVER, YOU WILL FIND THAT MANY PEOPLE ALLOW THIS INSURANCE TO EXPIRE ONCE THE AUTO IS OWNED. ONLY THE REAL RESPONSIBLE PEOPLE CONTINUE TO CARRY INSURANCE IF THEIR AUTO IS OWNED, CLEARLY. THE IRRESPONSIBLE PEOPLE CONTINUE TO DRIVE AND CONTINUE TO HAVE ACCIDENTS LEAVING THE OTHER DRIVERS ON THE HIGHWAYS SOMEWHAT UNPROTECTED.

I AM IN FAVOR OF MANDATORY INSURANCE ON A DRIVERS LICENSE BEFORE IT IS ISSUED TO MORE FAIRLY COVER ALL CITIZENS MANY PEOPLE ALSO DRIVE VEHICLES NOT BELONGING TO THEM AND HAVE NO INSURANCE DURING THEIR OPERATION.

IN CLOSING, I SUPPORT LEGISLATION DESIGNED TO ASSIST WITH THIS PROBLEM. PLEASE FEEL FREE TO CALL ON ME SHOULD I BE ABLE TO ASSIST IN ANY WAY.

SINCERELY,

THOMAS D. VARNELL
CHIEF OF POLICE

TDV:sc

Soldotna Police Department

P. O. Box 2499

Soldotna - Alaska 99669



Duane Udland
Chief of Police

November 16, 1983

Joe L. Hayes
Speaker of the House
Pouch V, State Capitol
Juneau, AK 99811

Dear Mr. Hayes:

I support the general concept of requiring motor vehicle insurance for all drivers in the State of Alaska. I believe uninsured motorists cost the citizens of Soldotna and the State of Alaska an inflated insurance premium as well as inconvenience and hardship.

I at this time am unable to say which piece of legislation from the House or the Senate is best since I have not seen either bill. I do feel this is an important issue and hope to see legislation pass which solves the problem. I would also like to see the legislature fully fund any costs connected with administering any such legislation.

Thank you for your letter and please contact me if I can be of any further assistance.

Sincerely,

A handwritten signature in cursive script that reads "Duane S. Udland".

Duane Udland
Chief of Police

mb



THE CITY AND BOROUGH OF JUNEAU

CAPITAL OF ALASKA

155 SOUTH SEWARD ST. JUNEAU, ALASKA 99801

November 8, 1983

The Honorable Joe L. Hayes
Speaker of the House of Representatives
Alaska State Legislature
1024 West 6th Street, 201-D
Anchorage, Alaska 99501

Subject: Uninsured Motorists in Juneau, Alaska:

Dear Speaker Hayes:

Reference is made to your letter of October 24, 1983, concerning the above-entitled matter.

To briefly answer your question, I do not believe that uninsured motorists present any more of a danger to the public than ones that are insured.

But I firmly believe that motorists seeking to register their vehicles in the state of Alaska should show proof of liability.

It is very discouraging for insured motorists of this state (in any state for that matter) to be a victim of a motor vehicle accident only to find that the other motorist causing the accident does not have insurance, nor do they have the means to pay for the damages or costly medical expenses for which they are responsible.

As we know, the victim drivers must, more likely than not, apply their insurance to meet costly expenditures. This is an inconvenience for the insured motorist and very unfair to the agency who insures drivers.

Thank you very much for allowing me the opportunity to comment on this issue.

Sincerely,

Joseph R. Ciraulo
Chief of Police
Juneau Police Department
210 Admiral Way

JRC/plh



Cordova Department of Public Safety
William T. Bagron, Chief

P. O. BOX 1210 : CORDOVA, ALASKA 99574

November 2, 1983

The Honorable Joe L. Hayes
Speaker of the House
1024 W. 6th 201-D
Anchorage, Alaska 99501

Dear Mr. Hayes:

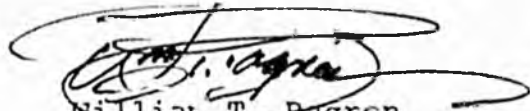
RE: Mandatory Liability Law

I am in favor of this mandatory law.

It appears to me that about 40% of our citizens are left "holding the bag" when their auto is damaged by an uninsured motorist. Cordova is a very "transit community". Usually, the uninsured motorist leaves town and rarely returns; or returns after a considerable length of time.

We record about two hundred and fifty accidents a year.

Sincerely,


William T. Bagron
Chief



KENAI POLICE DEPT.

P.O. BOX 3173, KENAI, ALASKA 99611

TELEPHONE 283-7879

December 1, 1983

Honorable Joe L. Hayes
Speaker of the House
1024 W. 6th St., 201D
Anchorage, Alaska 99501

Dear Representative Hayes:

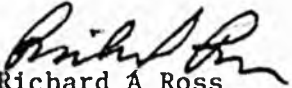
I appreciate the time your staff took to respond to my request for additional information on the proposed legislation dealing with mandatory liability insurance as a condition of vehicle registration.

Based on the data provided and copies of both the House and Senate efforts to address the problem, it is evident that the House version would be the more effective of the two. Effective in that it would reduce the number of uninsured motorists in our State.

As stated in my letter of 11-2-83 the number of uninsured motorists involved in accidents in our area is a matter of serious concern. The enactment of HB7 would be a very positive effort to address this problem.

It is my intention to submit this issue to the Alaska Association of Chiefs of Police at its next meeting (tentatively scheduled for March 84). Please keep me informed of any developments in the interim.

Respectfully,


Richard A. Ross
Chief of Police
Kenai Police Department

RAR/ga

Alaska State Legislature



Speaker of the House of Representatives

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

Official Business

ANALYSIS FOR HB 7 COMPROMISE...April 6 Draft

The April 5 draft is similar to the March 1 draft in substance but has been laid out slightly different by the legislative drafters.

The proposed a compromise on the mandatory auto insurance bill is basically modeled after legislation which passed in California last year. This compromise has been prepared with the assistance of the Division of Insurance, Departments of Law and Public Safety and State Farm.

The general concept would enact a law making it illegal to drive without liability insurance. Currently, it is legal to drive without insurance. Once you are caught as a result of an accident, however, you must obtain proof of insurance for three years. The compromise makes it illegal up front.

The major difference with the compromise is: In the House bill we require proof of insurance to be shown as a prerequisite for registration. In the compromise, that would not be required. The point of proof would come following an accident (which results in at least \$500 damage) for both the person at fault and not at fault. BUT, in addition, any person cited for a traffic violation carrying a 6 point demerit on the point system would have to show that insurance was in effect at the time of the violation within 15 days.

The burden of proof is on the person cited and requires the person to provide proof from the insurance company that the policy was in effect at the time of the accident. This information would be required to be verified by the Department of Public safety. The bill makes it a class A misdemeanor if the person cited knowingly provides false information during the verification process. It's estimated that between 20-30,000 citations for violations carrying a 6 point penalty are issued annually, and all these would be checked for insurance in addition to all persons involved in accidents whether at fault or not under the compromise.

The following traffic violations are all at least 6 points or greater and require a court appearance and would require proof of insurance to be shown.

Driving while license is cancelled, suspended, revoked or in violation of license limitation
Driving while intoxicated
Reckless Driving
speed contest racing
fleeing or attempting to elude a police officer
leaving scene of an accident
negligent driving
failure to yield right of way
failure to stop for school bus while bus is loading or unloading
failure to obey traffic control device in a school zone, playground, crosswalk or park
speeding 20 miles or more over limit

Some, but not most, 6 point result in accidents so this is aimed at getting to the driver with the greatest potential for an accident..before the accident occurs. It's estimated there will be about 40,000 vehicles involved in accidents in the next year and between 20-30,000 6 point traffic violations..all of which would be checked for insurance under this bill. In an accident, all motorists would be checked regardless of fault. Currently, only the at fault person is checked.

All procedures for requiring proof at the time of licensing have been eliminated. All procedures which called for insurance companies to notify DMV upon cancellation of a policy have been eliminated as have the requirements that DMV follow up on such cancellation notices.

There is a further provision that providing false information to verify existence of insurance is a Class A misdemeanor. That's up to \$5000 fine and 1 year in jail.

The compromise calls for administrative revocation of the license rather than being charged with a class B misdemeanor. However, the revocation will be a mandatory one year. The removal of commission of a crime eliminates the proposed fine of \$250. However, the compromise requires payment of a \$100 fee as a license reinstatement fee as a prerequisite to reinstatement of driving privileges following revocation of a license for driving uninsured. Thus the compromise would generally retain the punishment provisions originally intended.

Limited license priveleges could be granted but the reinstatement fee would have to be paid and there is a p: requiring the person to provide proof of financial responsibility for 3 years under our normal financial responsibility law prior to the granting of any limited priveleges.

The forfeiture provisions have been removed from the bill. There was a concern about administrative burdens this would place on the courts and Dept. of Law. Forfeiture was envisioned to be used in extreme cases. The legislature could consider this at a later date once the law has been enacted, and it may then be determined how severe a threat the repeat offender is.

The compromise retains the concept of raising the limits from 25/50/10 to 50/100/25.

The compromise also adds further language to the uninsured and undersinsured coverage provisions which basically allow a deductible of \$250. It allows companies to offer a smaller deductible and for the insured to opt for a higher deductible. It also requires direct physical contact between the insured and un/underinsured vehicles to activate the property damage coverage. Hit and run drivers are presumed to be uninsured motorists if the victim reports the incident within 24 hours. This is to prevent people from running into a tree and trying to claim they were hit by an uninsured person.

State Farm has provided assistance to include several pages of language which define when the uninsured/underinsured coverage is triggered and in what priority other insurance policies would pay. Generally speaking, these appear to be fair compromises and have been incorporated after some discussion and refining. The goal has been consumer protection the provisions were reviewed. The bill requires insurers to offer the insured coverage for un/underinsured drivers in the amount the insured voluntarily purchases. The insured may waive this coverage or choose to increase the offer.

There is an exemption for isolated rural communities so that vehicles operated in these areas don't have to have insurance unless they have a history of traffic violations or accidents.

A separability clause has been added to the bill.

The compromise repeals two current sections in the financial responsibility law allowing deposit of securities or cash as proof of financial responsibility. In the opinion of the Division of Insurance, this option is probably not needed any longer since it is less expensive to buy a policy rather than putting up securities worth \$100,000 as would be required if other provisions of this bill pass.

This would leave the means of proving financial responsibility as either having a liability policy or a certificate of self insurance as allowed by statute. These two methods should cover all motorists adequately.

The compromise retains the provision which required knowledge of financial responsibility laws as part of the drivers test for a license.

There are two substantial changes in the definition of a motor vehicle liability policy which is required.

Under the House bill we line d word for word the definition of a policy which was required of those people who had been involved in an accident with no insurance. Such a policy required at that time is different than normal policies which the average person routinely buys. Policies required under the FR law are basically exclusionless with insurer defenses inoperable. The compromise proposes a change in defining who is covered under an insurance policy and removes the provision that liability becomes absolute without defense following an accident...only for persons who purchase insurance voluntarily and do not fall under the financial responsibility law. The absolute liability provision and stricter provisions would remain in policies required under the FR law which would take effect for a person who is convicted of not having insurance. After extensive discussion on this point, this appears to be a fair stance to take. The compromise does not change the type of coverage that is offered currently to people buying insurance.

The compromise deletes the provision requiring companies to issue a card with all policies and that the card remain in the vehicle. This is okay in that the proof of insurance that is now required following a citation is an written verification from the insurance company. The necessity for such a card is eliminated.

The compromise eliminates a section for unused motor vehicles because it is no longer necessary if proof is not required at the time of registration.

The compromise eliminates an annual report on the effectiveness of the law and the ability to enforce it. The report concept was designed to provide legislators with some accounting of how well the system is working but, admittedly, it would be difficult to compile a meaningful report about the effect on premiums, administration and uninsured population. However, it has been suggested that a report could be initiated by a letter of intent to keep track of the statistics compiled as a result of the law.

The compromise incorporates two steps to involve the public about the law. Three months prior to the effective date of the law, the Department must conduct a public education campaign about the new law and failure to comply. Additionally, the bill mandates that, at the time of registration and licensing, the department give the applicant written information about the mandatory insurance law of the state.

It's hoped this will make people aware and encourage them to seek insurance rather than take the chance of being stopped and losing their license for a year.

It should also be noted that if a person drives on a revoked or suspended license...current law already mandates a 10 day jail visit which hopefully will act as an incentive to keep people from driving on suspended licenses.

The effective date of the compromise is 1/1/85.

Fiscal note DMV

SECTION ANALYSIS COMPROMISE FOR HB 7 4/6 Draft

The substance of this draft is similar to the March 1 draft but the bill has been laid out differently to meet the style of Legislative Affairs drafting.

SECTION 1 PURPOSE

Legislature declares concern over rising toll of motor vehicle accidents and determines it is in the public's best interest that motorists be financially responsible for negligent acts so that innocent victims be recompensed for for injury or financial loss. Declares that this can best be served by requiring motorists to be insured when operating a vehicle "where the potential for motor vehicle accidents is substantial". Further declares that the most practical and economical time of proof of compliance is following a moving violation or accident.

SECTION 2

Amends insurance code to conform by requiring insurers in the state to write policies at the newly established minimums of 50/100/25.

SECTION 3

Requires insurers to offer customers un/underinsured coverage for both bodily injury and property damage in at least the amount voluntarily purchased for personal injury liability insurance. Requires an offer for property damage not less than the minimum of \$25,000. This coverage may be waived by the insured.

SECTION 4

Requires the Department of Public Safety to provide an applicant for registration of a motor vehicle with information regarding the state's mandatory insurance law at the time of registration.

SECTION 5

Requires the Department of Public Safety to provide an applicant for motor vehicle licensure with information regarding the state's mandatory insurance law at the time of license application.

SECTION 6

Adds knowledge of the states mandatory insurance law to examination provisions for obtaining a drivers license.

SECTION 7

requires person who has had license suspended to pay \$100 reinstatement fee prior to the granting of limited driving privileges or restoration of driving privilege in addition to financial responsibility requirements.

SECTIONS 8 and 9

Raises minimum liability policy limits a person must be insured for under the financial responsibility law from 25/50/10 to 50,000 for bodily injury to any one person in an accident, \$100,000 maximum for bodily injury of all involved in an accident and \$25,000 for property damage.

SECTION 10

Increases from 25/20/10 to 50/100/25 the threshold at which a judgement against a person falling under the financial responsibility law is satisfied.

SECTION 11

same as section 8 to make statute conform regarding limits. Describes limits for un/underinsured coverage to be offered as part of an insurance policy.

SECTION 12

Defines un/underinsured motorist coverage.

(a) Limits insurers responsibility under the un/underinsured provisions to the difference between what might be paid on behalf of the the uninsured person and the maximum limits of the insured's policy.

(b) Establishes priority for payment of un/underinsured claims and lists items that would be deducted from liability for payment of such coverage.

(c) Prohibits the stacking of several policies in the event that the insured is covered by more than one uninsured coverage which might apply. The liability is limited to the highest amount of one policy. Establishes priority of policies which would apply.

(d) Clarifies that UM/UM coverage does not apply in situations where the alleged un/underinsured vehicle is owned by a name insured or resident relative but not insured. This is designed to prevent a person from owning several vehicles but only insuring one.

Specifies a single combined coverage. Allows insured to waive coverage in writing. Limits coverage for property damage to only the damage to the vehicle involved. Hit and run motorists are presumed to be uninsured if the accident is reported within 24 hours. Allows deductible of \$250 but allows insurer to offer a deductible other than \$250.

SECTION 13

28.22.010-28.22.050 Defines specific provisions of motor vehicle liability policy that must be in effect to comply with the mandatory law.

Generally follows current requirements under the financial responsibility law. A major difference from the FR law is the removal of an absolute liability clause which is retained in the FR law. The removal is intended to allow companies to issue policies just as they are now. There is also a modification from the FR law in describing who the policy must cover.

Raises current liability minimums from 25/50/10 to 50/100/25.

28.22.100-28.22.130 Defines un/underinsured coverage for the purposed of this chapter identical to the provisions in Section 12.

28.22.200 requires operator or owner of a motor vehicle to have adequate insurance when operating vehicle on roadway. Provides an exemption of the requirement to have insurance if the vehicle is operated in isolated areas not connected to the highway system and with minimal traffic. Exemption does not apply if the owner/operator has a history of traffic violations or accidents within 5 years.

28.22.210 Requires persons involved in an accident resulting in at least \$500 damage or involved in a 6 demerit traffic violation to show proof of insurance.

28.22.220 Requires person cited for an accident to present proof of insurance to the department within 15 days. Requires the Department to establish a method to check all documents filed as proof.

28.22.230 Requires person cited for traffic violation to present proof of insurance at the time of the initial court appearance or within 15 days of the charged violation. Requires court to notify the department if such proof is not presented.

28.22.240 Provides for administrative suspension of license for one year if person fails to prove insurance was in effect at time of violation or accident. Establishes notification procedure and allows the person who stands to lose license a chance for a hearing to plead that person's case. Suspension will not take place until final court action is taken.

28.22.250 Establishes a Class A misdemeanor for knowingly filing false information with the department.

28.22.260 Requires person to file SR 22 under the financial responsibility law (proof of insurance for 3 years) as a prerequisite to reinstatement of license or granting of limited license privileges.

28.22.500 Allows policy to contain provisions which do not violate the provisions of this chapter.

28.22.510 separability clause

28.22.600 definition of general motor vehicle liability policy for purposes of mandatory insurance requirements.

SECTION 14
Definition of underinsured motor vehicle

SECTION 15

Repeals provisions in law allowing deposit of cash or securities as a means of proving financial responsibility for the future. Repeals the reinstatement fee which only pertained to driving in violation of financial responsibility law. This has been encompassed in section 7 of this bill.

SECTION 16

Requires Department to begin to conduct public education campaign about the mandatory law three months prior to its effect.

SECTIONS 17-18

effective dates
Law takes effect 1/1/85.



OFFICIAL BUSINESS

ALASKA STATE LEGISLATURE - SENATE

COMMITTEE ON LABOR AND COMMERCE

SENATOR RICHARD I. ELIASON
CHAIRMAN

POUCH V • JUNEAU, ALASKA 99811
(907) 465-3844

MEMORANDUM

TO: Conference Committee Members
FROM: Senator Dick Eliason *Dick Eliason*
DATE: April 6, 1984
RE: Senate Committee Substitute for HB 7.

The attached proposal is an updated version of the Senate Committee Substitute for HB 7, passed by the Senate last session. It incorporates the changes made to the uninsured and underinsured motorists coverage found in both the House and Senate versions of the bill.

It is my concern that a mandatory approach to automobile liability insurance, at this time, may be an overreaction to a perceived problem. If one examines where the complaints and concerns emanate, it is from persons who have acted responsibly by purchasing coverage and have been involved in an accident with someone who has not acted responsibly. The response should not be to require everyone to buy the coverage. It should be one that allows the responsible person to cover all contingencies arising out of the operation of an automobile and to strictly enforce the financial responsibility law as to those persons who do not act responsibly.

A mandatory automobile insurance bill, by its very nature, must have some administrative cost reflected. This, of course, will vary depending on how complicated a system is adopted. I contend that the Senate proposal

will do as much to protect those with whom we are concerned as any mandatory insurance plan we might devise and do it with absolute minimum expense.

I urge that you seriously consider the attached proposal as the most desirable alternative. The results can be monitored and if after three or four years the problem has not been alleviated, another approach could then be considered.

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

April 6, 1984

SUBJECT: Sectional Analysis
CCS HB 7

TO: Senator Richard I. Eliason
Chairman, Labor and Commerce
Committee

FROM: Richard C. Folta
Legislative Counsel



Section 1. Amends AS 21.89.020(a) requiring automobile liability policy coverage limits to be at least the amounts prescribed in AS 28.20.440(b)(2).

Section 2. Amends AS 21.89.020 by adding three new subsections. The first requires an insurance company to offer for uninsured and underinsured bodily injury coverage at limits equal to those voluntarily purchased for bodily injury liability. The second subsection requires a basic limit offer of uninsured and underinsured property damage. The third subsection allows the insured to waive in writing the coverage under the first two subsections, or to make a written request for additional or more extensive coverage. The insurers notice requirements to an insured are conditioned.

Section 3. AS 28.20.440(b) is amended adding "underinsured" and "damage to or destruction of property in excess of \$250.00" coverage requirements that shall comply with AS 28.20.440(b)(2) and AS 28.20.445.

Section 4. AS 28.20 is amended by adding a new section on coverage requirements for uninsured and underinsured motorists. Subsection (a) describes the maximum liability of an insurance carrier. Three situations when payments may be reduced are listed in subsection (b). Priority of payments under multiple policies or coverages are described in subsection (c). Two situations where the coverage would not apply are given in (d) and three cases in (e) where coverage

Senator Eliason
page 2
April 6, 1984

may not apply. Subsection (f) provides for a procedure when the owner and operator of vehicle involved in an accident with an insured are unknown. A deductible of \$250.00 in any one accident including the destruction or damage to an insured vehicle is provided under (g). Subsection (h) describes "underinsured motor vehicle."

Section 5. Provides for a September 1, 1984 effective date.

RCF:csh
C2/141

FISCAL NOTE

Revision Date: _____

REQUEST 2/17/84 draft alternate
 Bill/Resolution No.: HB 7
 Title: "An Act relating to
 motor vehicles."
 Sponsor: Repr. Hayes
 Requestor: OMB - Gov.'s Off.
 Date of Request: 2-29-84

FISCAL DETAIL
 Agency Affected: Department of Law
 Program Category Affected: _____
Administration of Justice
 BRU, Program or Subprogram(s) Affected:
Prosecution

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES		110.0	232.1	246.0	260.8	276.4
200 TRAVEL		3.5	7.4	7.8	8.3	8.8
300 CONTRACTUAL		17.5	37.1	39.3	41.7	44.2
400 SUPPLIES		14.7	7.6	8.1	8.6	9.1
500 EQUIPMENT		31.5				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	-0-	177.2	284.2	301.2	319.4	338.5
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	177.2	284.2	301.2	319.4	338.5
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME	-0-	4	4	4	4	4
PART-TIME		1	1	1	1	1
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Richard I. Pegues, Director Phone: 465-3672
 Division: Administrative Services Division Date: 3-1-84
 Approved by Commissioner: Richard I. Pegues / for
Norman C. Gorsuch Date: 3-1-84
 Agency: Department of Law

Distribution (by Agency preparing fiscal note):

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

12/1/83

This bill will require mandatory insurance for all drivers of motor vehicles in the state. Failure to comply with this requirement will result in suspension of a driver's license. As a result of the bill increasing the amount of driver's licenses suspended overall, increased incidents of driving with a suspended license will further result in increased criminal misdemeanor sanctions, thus increased involvement of the Department of Law, Criminal Division.

Of the 300,000 drivers currently licensed in the state, it is estimated that somewhere between 10% and 40% of the total number of drivers are uninsured. It is believed that enactment of the bill will result in more drivers acquiring insurance. Eventually, the number of uninsured drivers will probably be closer to the 10% estimate after the bill is enacted.

There are approximately 65,000 traffic accidents and violations investigated each year that will now include an examination for proof of insurance if the bill is approved. Of this number about 6,500 drivers will be found to be uninsured resulting in the suspension of their driver's licenses. Current experience has shown that just over 20% of those individuals who have had their licenses suspended have subsequently been cited for driving with a suspended license (DWLS). Drivers' license suspensions under existing statutes, governing the drivers point system, financial responsibility, driving while intoxicated (DWI), and refusal to take a breathalyzer test, range between 30 days and 10 years. Drivers with longer periods of license suspension are most apt to drive with a suspended license. The chance of a first time insurance offender driving with one-year suspended license is far greater than it is for a first time DWI offender, who receives a 30 day driving suspension. Consequently, the current 20% DWLS violation rate can be expected to increase because of the minimum one year period of suspension provided by the bill. This department has recommended that suspension periods be structured similar to those for the offense of DWI - i.e. 90 days revocation for the first offense (except no allowance for limited license privileges for the final 60 days as provided for in AS 28.15.181(e)) and not less than one year if previously convicted for the same offense one or more times. This recommendation has been rejected and it can be anticipated, as a result, that increases in DWLS offenses will be excessive. Nonetheless, the department has used the existing 20% DWLS violation rate as the basis for its fiscal impact calculations due to the absence of any other historic data.

Based upon the 20% violation rate and the number of expected suspensions (6,500), 1,300 to 1,400 new DWLS violations

will be referred to the Department of Law for prosecution. The majority of the violations will occur in Anchorage and Fairbanks where there will be a measurable impact on the department's operations. Because of the large number of new misdemeanor prosecutions, the department will need one full-time and one part-time prosecutor at Anchorage, and the department will need one full-time prosecutor at Fairbanks.

Although these cases are relatively minor misdemeanor offenses, the penalties include mandatory jail time and their sheer number requires the addition of prosecutor resources. An additional legal secretary will also be required at both Anchorage and Fairbanks because of the substantial documentation that must be prepared for each case to establish proof of notice and to determine the length and dates of suspension.

In specific, among the secretarial duties required for all of these cases - whether or not they are eventually brought to trial are: (1) Files must be opened for each case, (2) data must be entered on the computer records system, (3) letters must be written to DMV, in many cases, requesting more documentation, (4) data must be entered on Case Intake Disposition (CID) sheets, (5) information sheets must be typed and filed in court, and (6) the CID sheets must be distributed to the proper recipients.

Detail Cost Schedule

Fiscal Analysis
HB 7 (2-17-84 Draft Alternate)

FY 85 (6 mos., 1/1/85 - 6/30/85)

	<u>Anchorage</u>			<u>Fairbanks</u>		<u>Total</u>
	<u>Atty III</u>	<u>Atty III PPT</u>	<u>Leg. Sec I</u>	<u>Atty III</u>	<u>Leg. Sec I</u>	
Personal Services	30.0	15.0	14.6	34.1	16.3	110.0
Travel	1.5	.5		1.5		3.5
Contractual						
Copy/Commod/Postage	2.4	1.2	1.2	2.4	1.2	8.4
WP Maintenance			.9		.9	1.8
Space Lease	2.6	2.6	2.1			7.3
						<u>17.5</u>
Commodities - Ongoing						
Office Supplies	1.2	.6	1.2	1.2	1.2	5.4
Law Library	.6	.6		.6		1.8
Commodities - One time						
New Position	1.5	1.5	1.5	1.5	1.5	7.5
						<u>14.7</u>
Equipment - One time						
New Position	1.5	1.5	1.5	1.5	1.5	7.5
Word Processors			12.0		12.0	24.0
						<u>31.5</u>
TOTALS	<u>41.3</u>	<u>23.5</u>	<u>35.0</u>	<u>42.8</u>	<u>34.6</u>	<u>177.2</u>

Costs after FY 85 have been calculated on a full 12-month basis and include a 6% inflation factor, less one-time items.

1.	POSITION TITLE Attorney III			RANGE/STEP 22A	DARG. UNIT PX	FORM 12 PAGE/LINE	GOV.	APPROV.	DISA
2.	TYPE OF POSITION PFT	STAFF MONTHS 6	RP NUMBER	PCN NUMBER	DRU PRIORITY	LOCATION Anchorage	ELECTION DISTRICT 8	LEG.	

3.	CONTINUATION LEVEL	ADDITION	
4.	TYPE OF EXPENDITURE		AMOUNT
	1	2	3
	PERSONAL SERVICES		
5.	Salary 3,900 X 6	23,400	
6.	Benefits	3,838	
7.	Supplemental Benefits	1,434	
8.	Fixed Benefits	1,315	
9.	TOTAL PERSONAL SERVICES	01	29,987
10.	Travel	02	1,500
11.	Contractual	03	5,000
12.	Commodities	04	3,300
13.	Equipment	05	1,500
14.	Other		
15.	TOTAL COST		41,287

JUSTIFICATION

This position is requested to handle the large number of DWLS violations that will result from the drivers license suspension provisions of HB 7. One and one-half attorney positions will be needed at Anchorage to handle the resultant increased caseload. Allocation to the Attorney III level is recommended because of the routine nature of the prosecutions to be handled.

	RECEIPT CODE	FUNDING SOURCE	
16.		Federal Receipts 1002	
17.		G.F. Match 1003	
18.		General Funds 1004	41,287
19.		I-A Receipts 1005	
20.		Program Receipts 1020	
21.		Other	

FOR D&M USE ONLY
4A KEY NUMBER _____

AGENCY DEPARTMENT OF LAW
PROGRAM DUE PROCESS
DRU PROSECUTION
THIRD JUDICIAL DISTRICT

13 REQUEST FOR
NEW POSITION

Page 1 of 1
Revised Date

FY 8

1.	POSITION TITLE Attorney III			RANGE/STEP 22A	BARG. UNIT PX	FORM 12 PAGE/LINE	GOV.	APPROV.	DIS/
2.	TYPE OF POSITION PPT	STAFF MONTHS 6	RP NUMBER	PCN NUMBER	URU PRIORITY	LOCATION Anchorage	ELECTION DISTRICT 8	LEG.	
3.	CONTINUATION LEVEL			ADDITION	JUSTIFICATION				
4.	TYPE OF EXPENDITURE			AMOUNT					
	1	2		3					
	PERSONAL SERVICES								
5.	Salary	1.950 X 6	11.700						
6.	Benefits		1.919						
7.	Supplemental Benefits		717						
8.	Fixed Benefits		660						
9.	TOTAL PERSONAL SERVICES		01	14,996					
10.	Travel		02	500					
11.	Contractual		03	3,800					
12.	Commodities		04	2,700					
13.	Equipment		05	1,500					
14.	Other								
15.	TOTAL COST			23,496					
	RECEIPT CODE	FUNDING SOURCE							
16.		Federal Receipts 1002							
17.		G.F. Match 1003							
18.		General Funds 1004			23,496				
19.		I-A Receipts 1005							
20.		Program Receipts 1020							
21.		Other							
FOR B&H USE ONLY									
4A KEY NUMBER - - - - -									

This position is requested to handle the large number of DWLS violations that will result from the drivers license suspension provisions of HB 7. One and one-half attorney positions will be needed at Anchorage to handle the resultant caseload increase. Allocation to the Attorney III level is recommended because of the routine nature of the prosecutions to be handled.

AGENCY DEPARTMENT OF LAW
 PROGRAM DUE PROCESS
 DRU PROSECUTION
THIRD JUDICIAL DISTRICT

13 REQUEST FOR
NEW POSITION

FY 85