

ALASKA LEGISLATURE COMMITTEE FILES, 1989-1990 8672
6752 SENATE TRANSPORTATION

1156

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill Resolution No. CSHB 53 (JUD)

This bill amends several sections in Title 28 by revising the penalties for driving while intoxicated and driving while license suspended. The current version of the bill eliminates the felony provision that was included in prior versions of the bill. Moreover, the penalty provisions that are now included in the bill are consistent with the sentences being imposed under existing law. Consequently, there will not be a fiscal impact for the Department of Law.



ALASKA COUNCIL ON PREVENTION OF ALCOHOL AND DRUG ABUSE, INC.

March 05, 1990

Senator Lloyd Jones, Chair
Senate Transportation Committee
Alaska State Legislature
P. O. Box V
Juneau, Alaska 99811-3100

Dear Senator Jones:

The Alaska Council on Prevention of Alcohol and Drug Abuse supports the changes to our state's drinking and driving penalties which are proposed under CSHB 53.

As you know, drinking and driving is a serious problem in the state of Alaska. Last year alone approximately 1,800 people were seriously injured or disabled in crashes involving alcohol. Alcohol-related motor vehicle crashes continue to be the leading cause of death among young people ages 16 to 24. It is crucial that we look at positive strategies which will address this serious problem. Ensuring that Alaska's driving laws are consistent and impose the most serious penalties on the most dangerous drivers is one important way to reduce the human loss and tragedy that often results from drinking and driving.

As you review which bills to put on the schedule in your Senate Transportation Committee, I would ask that you consider giving CSHB 53 a prompt hearing and a favorable vote. You will be making a valuable contribution toward reducing alcohol-related injuries and deaths in Alaska.

Thank you for taking time from your busy schedule to consider my request and viewpoint.

Sincerely,

Bette O'Moor
Executive Director

BCM/LA:kb

cc: Fran Zilmer



A United Way Agency

7521 OLD SEW
(800) 4

Alaska Council on Prevention
of Alcohol & Drug Abuse - Support

(907) 349-6602
-4323

H B

105

MAR 09 1989

HUGHES THORSNESS GANTZ
POWELL & BRUNDIN

ATTORNEYS AT LAW

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PAUL S. WILCOX
JAMES J. M. SHINES
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MARCUS S. BAINE
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JOHN H. RAFORTH
LYNN E. LEVENGOOD
JOSEPH S. SLUSSER

OF COUNSEL
JOHN C. HUGHES
RICHARD O. GANTZ

Reply to: JUNEAU

March 8, 1989

HAND DELIVERED

Senator Lloyd Jones
Chairman Senate Transportation Committee
P.O. Box V
Juneau, Alaska 99811

Re: Seat Belt Legislation
CS For HB No. 105
Our File No: 220-92; 30-213

Dear Senator Jones:

I am writing this letter on behalf of State Farm Insurance Company and Allstate Insurance Company to express our strong opposition to CS for House Bill 105. Together both State Farm and Allstate have approximately 45% of the automobile insurance market in Alaska. Although we support mandatory seatbelt legislation, the mandated rate decrease that was added to this legislation on the House floor is not a part of, and has nothing to do with, the concept of seatbelt use. We see no reason to link seatbelt use with such a mandated rate reduction.

The 5% rate reduction mandated by this legislation is not actuarially justified and, in fact, in most states that have enacted mandatory seat belt laws, our overall loss experience has not changed significantly. Our strong preference is to leave the regulation of insurance rates to the Division of Insurance and that the Division be allowed to oversee the market and the actuarial experience that determines those rates.

Senator Lloyd Jones
March 8, 1989
Page Two

HUGHES THORSNESS GANTZ POWELL & BRUNDIN
ATTORNEYS AT LAW

This concept has worked well to date in Alaska. Overall the auto liability insurance market has been competitive and rates have actually declined over the last ten years. For example State Farm Mutual has shown an approximately 13% overall rate decline over the last ten years.

Both Allstate and State Farm have offered in the past and continue to offer appropriate rate reductions where they are actuarially justified. For example, both insurers offer discounts to drivers over 55 with good experience. Both insurers did so voluntarily before legislation was passed requiring such a discount. Both State Farm and Allstate offer voluntary discounts to owners of vehicles which have airbags.

If seatbelt legislation has an affect Alaska automobile insurance rates will be adjusted accordingly. We do not believe that adjustment should be made presumptively without the benefit of any actuarial experience.

Sincerely,

HUGHES, THORSNESS, GANTZ,
POWELL & BRUNDIN

By: Michael L. Lessmeier
Michael L. Lessmeier

MLL:srs/0065L

NATIONAL ASSOCIATION OF INDEPENDENT INSURERS

~~POSITION PAPER CS HB 105 AM~~

MAR 07 1989

March 7, 1989

The NAII supports legislation that protects passengers from injury in motor vehicle accidents. CS HB 105 AM, which provides for mandatory use of seat belts by occupants of motor vehicles is worthy of support, except for certain provisions which require an arbitrary auto insurance rate reduction.

The NAII strongly opposes any language which mandates specific insurance rate changes unless the basis is actuarially sound. Insurers are currently mandated by law to base their bodily injury rates on many factors including loss experience. Bodily injury loss cost experience is affected by many factors such as the increasing cost of medical care and the crash worthiness of new automobiles. Mandating a flat and unsupported rate decrease based on the implementation of a seat belt law is presumptuous and ill conceived.

The NAII urges the Transportation Committee to amend this legislation to provide that insurers shall promulgate auto insurance rates taking into account the actual loss severity experience resulting from the mandatory use of seat belts. This method is much more sound than requiring a flat rate reduction regardless of the actual experience.

We offer this recommended change, recognizing that the bill title requires some mention of insurance rates. Our first choice would be the original bill language which was silent on insurance rates.

The NAII would support a mandatory seat belt law if the actual impact of the bill was to be reflected in the auto insurance rates. We cannot support any bill which mandates an artificial, unsupported, and unrealistic insurance rate manipulation.

For further information please contact John L. George (907) 789-0172.

High court upholds Texas seat belt law

FROM STAFF AND WIRE REPORTS

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

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

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

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

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

disappointed," Richards said.

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

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

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

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

□ Tough stance on pornography/A-19

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

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

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

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

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

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

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

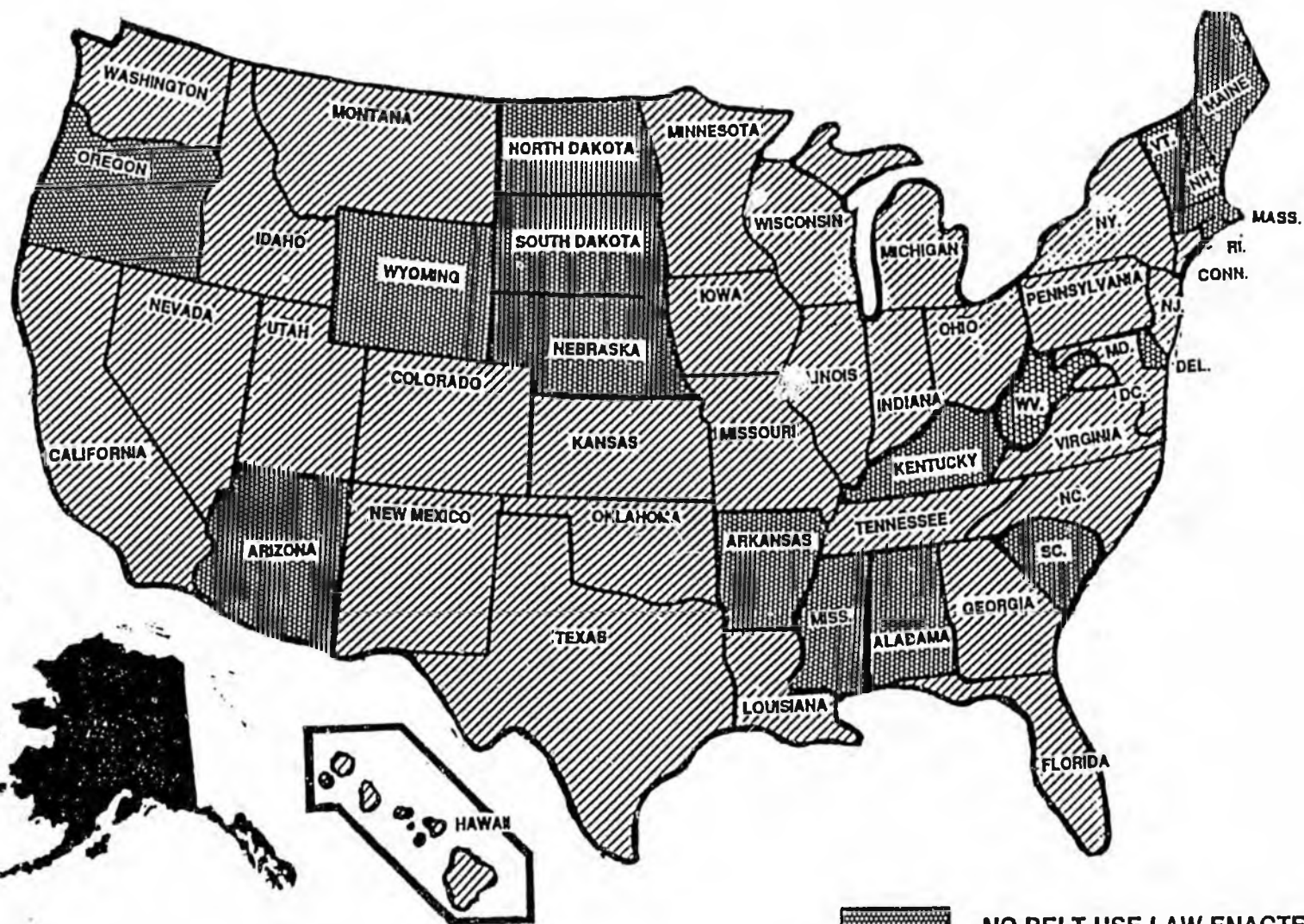
"I was stopped because I failed to buckle up on that particular occasion shortly after that law took effect," he recalled.

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

Has he been wearing his seat belt since then?

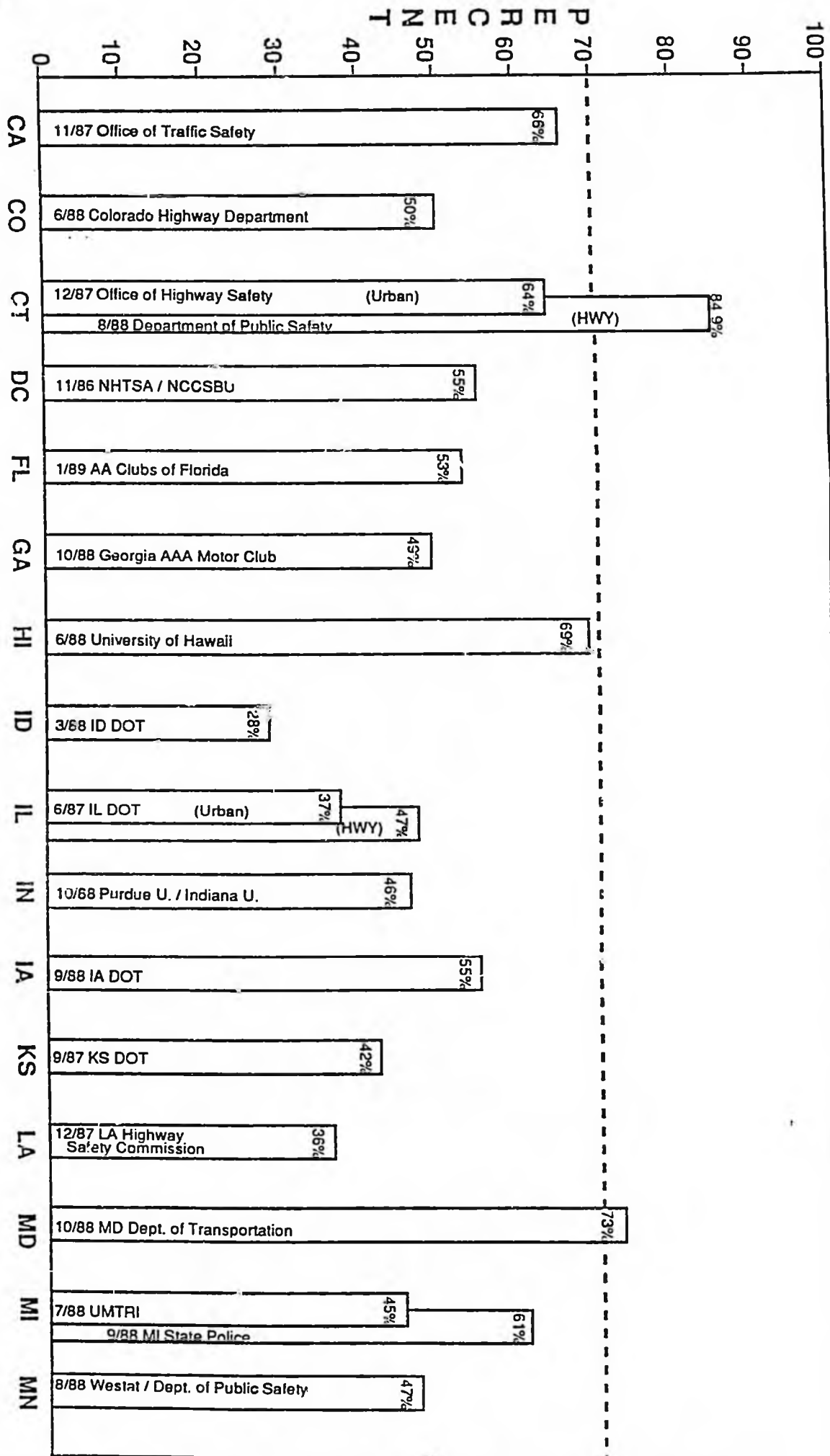
"Sure," he said. "It's the law."

STATUS OF SAFETY BELT USE LEGISLATION



 NO BELT-USE LAW ENACTED
 BELT-USE LAWS PASSED

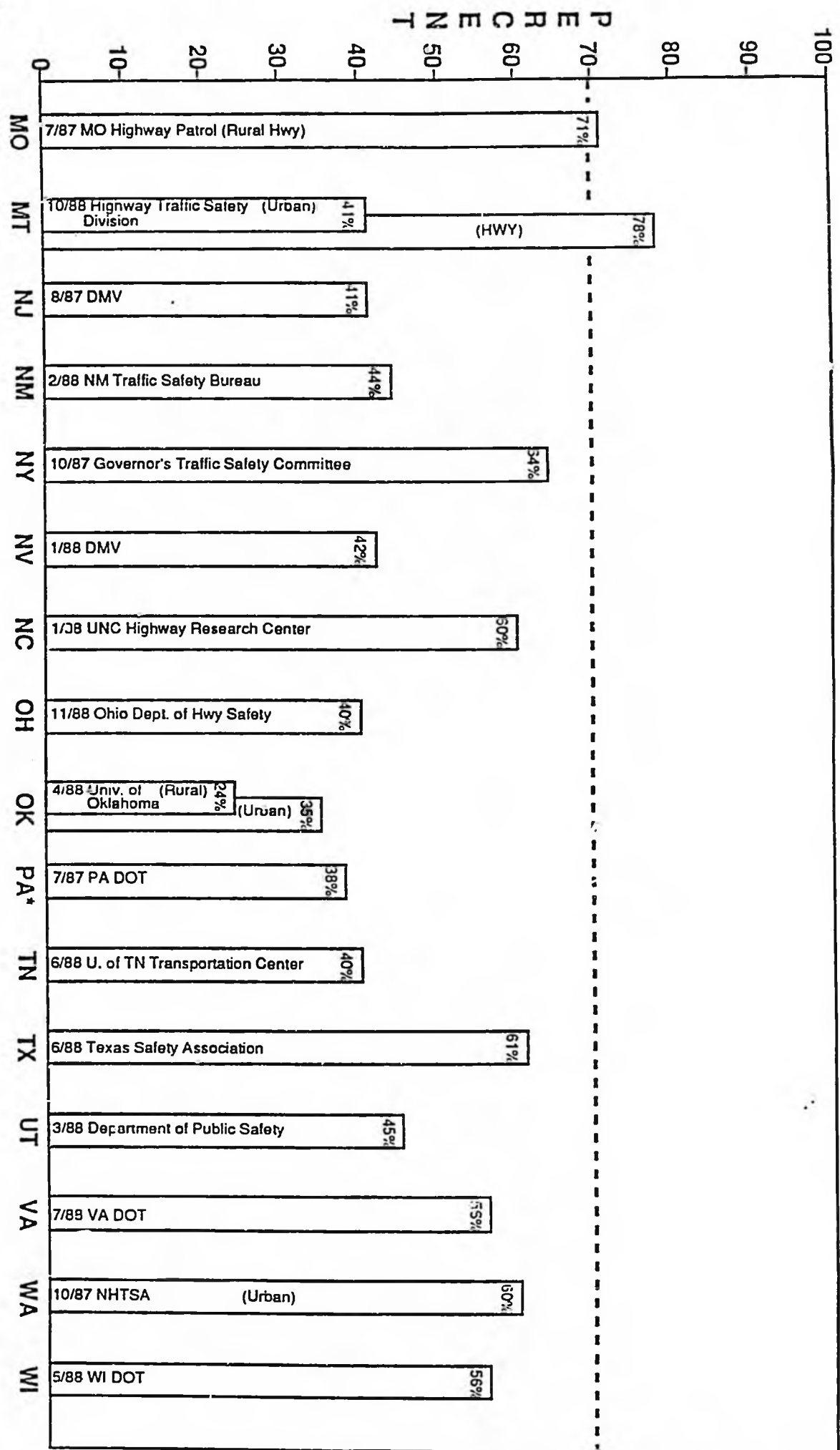
COMPLIANCE RATES IN POST-LAW STATES



March 1989

(OVER)

COMPLIANCE RATES IN POST-LAW STATES



* Use rates prior to law taking effect

Alaska State Legislature

REPRESENTATIVE
MARK BOYER

VICE-CHAIRMAN, HOUSE
HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

MEMBER, HOUSE LABOR AND
COMMERCE COMMITTEE

CHAIR, CHILDREN'S CAUCUS



House of Representatives

March 13, 1989

MAR 21 1989

pub

FAIRBANKS

1098 LAKEVIEW TERRACE
FAIRBANKS, ALASKA 99701
(907) 456-6473

JUNEAU

P.O. BOX V
STATE CAPITOL
JUNEAU, ALASKA 99811
(907) 465-3466

Elrita J. Magoffin
P.O. Box 80312
Fairbanks, Alaska 99708

Dear Ms. Magoffin:

Thanks for your informative letter on HB 105. The issue you have brought up is extremely important to the safety of Alaska's school children. Because this bill has already passed the House by a vote of 27-12, it will not be before any committee that I serve on. Therefore, I am referring your letter to the Senate Transportation Committee for their consideration.

Thank you for your excellent comments.

Sincerely,

A handwritten signature in cursive script, appearing to read "Mark Boyer".

Mark Boyer
Representative

MB/NJG/bhn

cc: Senator Lloyd Jones, Chair
Senate Transportation Committee

FAIRBANKS 20B

Feb. 28, 1989

Elrita J. Magoffin
Box 80322
Fairbanks, Alaska 99708

Rep. Mark Boyer
P.O. Box V
Juneau, Alaska 99811

NAN

Dear Rep. Boyer:

I understand that HB 105, The Mandatory Seat Belt Law, will now be routed through the Senate Transportation Committee and the Senate Finance Committee before coming to the House Floor. While I am in support of this bill, I have a serious concern about its present form.

There is a serious flaw in the ammendment to exempt all school buses. As you know, there are two types of school busses, the type I school bus that includes all busses over 10,000 pounds and the type II bus that includes all busses under 10,000 pounds. The type II (small busses) should definitely not be exempted. These busses have been equipped with belts since the new federal safety standard came into effect in 1977. In 1983 the National Transportation Safety Board sent a strong recommendation to the governors of all 50 states that passengers in small school busses and school vans be required to use available restraint systems whenever the vehicle is in motion. In this recommendation, they noted that because of the smaller and lighter construction of these vehicles, less crash protection is available and passengers and drivers must be required to wear the restraints. In the June 1985 report "Safety Belts In School Buses", the National Highway Traffic Safety Administration also encouraged all passengers in type II buses to wear their belts whenever the vehicle is in motion since these vehicles are similar to passenger cars. That agency stands by this recommendation to date.

If Alaska exempts small school busses in their mandatory seat belt law, it will be the only state in union to do so. It would be discriminatory to require children to buckle up in their family van (as required by Child Passenger Restraint Law) and not to buckle up in their very similar small school bus. There are approxiamately 100 small school busses in the state carrying about 1000 children. It also seems like there would be a liability problem considering the NHTSA recommendations.

When HB 105 comes to your committee, please carefully consider this exemption. I am confident that you will act in the best interest and safety of Alaska's school children.

Sincerely,

Elrita J. Magoffin

Elrita J. Magoffin

STATE OF ALASKA
THE LEGISLATURE

POUCH Y STATE CAPITOL
JUNEAU, ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

M E M O R A N D U M

March 7, 1989

SUBJECT: Mandatory safety devices - CSHB 105(Jud) am
TO: Senator Lloyd Jones
FROM: Michael Ford *M.F.*
Legislative Counsel

The following is a sectional analysis of CSHB 105(Judiciary) am:

Section 1 - Requires insurers providing motor vehicle liability insurance to reduce their bodily injury premium rate by at least five percent, to reflect the required use of safety belts and child safety devices under AS 28.05.095. Allows the director of the division of insurance to make insurance rate adjustments if requested by an insurer and the new rate is justified based on the use of safety belts or child safety devices.

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

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

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

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

MFF:gc
WKG7/108

STATE OF ALASKA
THE LEGISLATURE

POUCHY STATE CAPITOL
JUNEAU, ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

March 8, 1989

SUBJECT: Mandatory use of safety belts - CSSB 59(Trsp)
TO: Senator Lloyd Jones
FROM: Michael F. Ford *M.F.*
Legislative Counsel

You have asked for a comparison of the mandatory safety belt provisions of CSHB 105(Jud) am, with the provisions of CSSB 59(Trsp). The two bills are identical, with three exceptions:

1. Section 1 of the House version contains a mandatory premium reduction for motor vehicle liability insurance. This provision does not exist in the Senate version.
2. The penalty provision of sec. 28.05.099(b) contained in sec. 4 of the House version and sec. 3 of the Senate version are different. In the House version a person convicted of a violation of AS 28.05.095(b) is guilty of an infraction, and could be fined up to \$300 under AS 28.40.050(c). Under the Senate version, a person who violates AS 28.05.095(b) is also guilty of an infraction, but cannot be fined more than \$50.
3. The title of each bill is also different. The title of the House bill includes a reference to the first section of that bill.

Please contact me you have further questions.

MF:kb
wkk2/117

ALASKA STATE LEGISLATURE

Sen. Lloyd Jones, Chairman
Sen. Bettye Fahrenkamp, Vice Chairman
Sen. John B. "Jack" Coghill
Sen. Paul Fischer
Sen. Pat Pourchot




P.O. Box V
Juneau, AK 99811

907-465-4921

Senate Transportation Committee

MEMORANDUM

TO: All Transportation Committee members

FROM: Senator Lloyd Jones, Chairman 

DATE: March 14, 1989

SUBJECT: Draft Transportation CS for HB 105(Jud) am

Attached is a copy of a draft committee substitute for House Bill 105. The Transportation Committee substitute differs in that it requires the insurance rates to reflect the actual changes which the mandatory seat belt law brings about.

Under the House version of the bill the rate reduction would be mandated at 5 percent. There would be some discretionary consideration given to the director to make adjustments if requested by the insurer and if the insurer can justify the change.

ALASKA STATE LEGISLATURE

Sen. Lloyd Jones, Chairman
Sen. Bettye Fahrenkamp, Vice Chairman
Sen. John B. "Jack" Coghill
Sen. Paul Fischer
Sen. Pat Pourchot



P.O. Box V
Juneau, AK 99811

907-465-4921

Senate Transportation Committee

Letter of intent

It is the intent of the Legislature that Senate Committee Substitute for Committee Substitute for House Bill 105 (Transportation) exempt schoolbuses from the provisions of AS 28.05.095 until such time as the United States Department of Transportation, National Transportation Safety Board issues its report on the crash performance on small schoolbuses.

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

Alaska State Legislature




Speaker of the House of Representatives

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

Official Business

March 2, 1989

TO: Senator Lloyd Jones
Chairman Senate Transportation Committee

FROM: Representative Sam Cotten 
Speaker of the House

RE: HB 105 - Mandatory Use of Safety Devices

I am writing to request a hearing be scheduled in the Senate Transportation Committee on HB 105, Mandatory Use of Safety Devices in Motor Vehicles at your earliest convenience.

If you have any questions regarding this legislation, please contact me at 3720. Thank you for your prompt consideration.

THE STATE OF FLORIDA'S LAW
REQUIRES RATES TO REFLECT
SAVINGS ASSOCIATED W/ S.B USE

HAWAII LAW PROVIDES FOR
10% REDUCTION ON INSURANCE
PREMIUMS

Feb. 28, 1989

Elrita J. Magoffin
Box 80322
Fairbanks, Alaska 99708

Rep. Mike Davis
P.O. Box V
Juneau, Alaska 99811

Dear Rep. Davis:

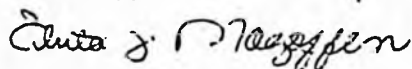
I understand that HB 105, The Mandatory Seat Belt Law, will now be routed through the Senate Transportation Committee and the Senate Finance Committee before coming to the House Floor. While I am in support of this bill, I have a serious concern about its present form.

There is a serious flaw in the ammendment to exempt all school buses. As you know, there are two types of school busses, the type I school bus that includes all busses over 10,000 pounds and the type II bus that includes all busses under 10,000 pounds. The type II (small busses) should definitely not be exempted. These busses have been equipped with belts since the new federal safety standard came into effect in 1977. In 1983 the National Transportation Safety Board sent a strong recommendation to the governors of all 50 states that passengers in small school busses and school vans be required to use available restraint systems whenever the vehicle is in motion. In this recommendation, they noted that because of the smaller and lighter construction of these vehicles, less crash protection is available and passengers and drivers must be required to wear the restraints. In the June 1985 report "Safety Belts In School Buses", the National Highway Traffic Safety Administration also encouraged all passengers in type II buses to wear their belts whenever the vehicle is in motion since these vehicles are similar to passenger cars. That agency stands by this recommendation to date.

If Alaska exempts small school busses in their mandatory seat belt law, it will be the only state in union to do so. It would be discriminatory to require children to buckle up in their family van (as required by Child Passenger Restraint Law) and not to buckle up in their very similar small school bus. There are approxiamately 100 small school busses in the state carrying about 1000 children. It also seems like there would be a liability problem considering the NHSTA recommendations.

When HB 105 comes to your committee, please carefully consider this exemption. I am confident that you will act in the best interest and safety of Alaska's school children.

Sincerely,



Elrita J. Magoffin

servicing. The ceiling will have 1 1/2" fiberglass insulation and foam padding covered with transportation vinyl material to match the school bus seats. Above the entrance door and rear emergency exit will also be padded and covered with matching material.

ENTRANCE DOOR AND STEP

The front passenger door shall be hand-operated from the driver's position with a mechanical door control. The mechanism shall be adjustable for length. The door shall be adequately reinforced to accept the mechanism. The mechanism shall be bolted in place. A step has been added to create a three step entrance.

EMERGENCY DOOR

The chassis (van) provided rear door(s) is (are) modified for operation as an emergency door. The emergency door meets Federal Motor Vehicle Safety Standards for school buses.

ELECTRICAL

Circuits are protected by circuit breakers. All wiring is color-coded. There are two dome lights in the passenger compartment. The school bus warning light system switch is within easy reach of the driver.

SIDE WINDOWS

Eight (8) split sash windows are installed. The sash is lowered from the top by metal latches.

SEATS

Eight (8) seats, 26" minimum cushion width, are forward facing. *Each passenger position is equipped with a seat belt. There is a minimum center aisle of 16 inches.

MIRRORS

The interior mirror is the chassis (van) manufacturer's standard interior mirror. The exterior mirrors are 6" x 9" below eye-line mirrors on left and right side. An 8" convex crossover mirror is mounted on the driver side.

SUNVISOR

Chassis (van) supplied.

WIPERS

Chassis (van) supplied. Two speed electric with washer.

WINDSHIELD

Chassis (van) supplied.

CHASSIS

Conversion available on GMC, Chevrolet, Ford and Dodge vans that meet federal school bus requirements.

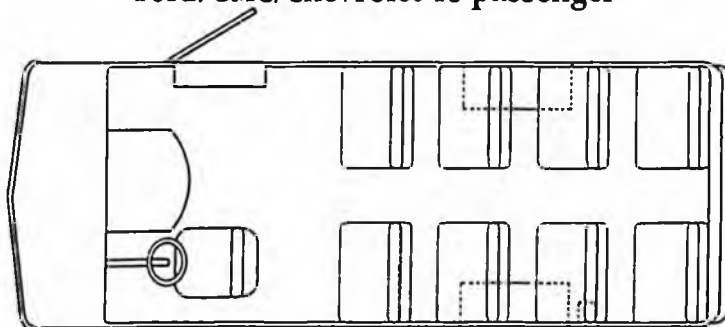
COLOR

Exterior is National School Bus yellow. Wheels and bumpers to be chassis (van) standard color, unless optional color is required. Chassis (van) areas around dash, inside doors and stepwell will be chassis (van) supplied color. Interior ceiling is tan. Seat frames are black.

MISCELLANEOUS

- Certificate holder is mounted in the drivers area.
- Roof signs mounted front and rear with warning lights. To be installed in a manner not to create leaks.
- Lettering meets state school bus requirements.
- Spare is optional (will be loaded loose).
- Driver seat is chassis (van) supplied.
- Heater is chassis (van) supplied.
- Safety equipment is optional:
Must specify 10 unit or 16 unit—First aid kit.
- Super vans must be ordered for 18 or 20 passengers.

Ford/GMC/Chevrolet 16 passenger



NATIONAL
COACH CORPORATION

Corporate Office: 130 W. Victoria, Gardena, California 90248. Phone (800) 682-4100 In California, (800) 682-3100
Regional Offices: Boca Raton, Boston, Chicago, Dallas, Los Angeles, San Francisco, and Washington D.C.

In keeping with our policy of constant product refinement, we reserve the right to make product changes at any time without prior notice.



The School Bus.

*The 16 passenger type II
(type A) school bus meets
federal D.O.T. requirements
for buses with a GVWR of
10,000 pounds or less.*

BODY FRAME STRUCTURE

1 1/2" x 2" (16g.) formed angle will run longitudinal between the window frame and floor. The seat rail will be 1/8" x 1 1/2" x 1 1/2" formed steel angle running front to rear

just above the wheelhouse for seat frame attachment. A 1" x 2" rectangular tube will run vertically from the floor to the window post.

ROOF STRUCTURE

Five (5), 1" x 2" (16g.) rectangular tube roof bows to tie in with the window frame structure. These are in addition to the existing chassis (van) roof support members. A certification of our testing is available upon request.

WINDOW FRAME

A one piece structure using 1 1/2" x 2" (16g.) rectangular tube as the header (top) and window post. The bottom and the front portions of the structure is a 1 1/2" formed steel, 16 gauge channel. The rear vertical portion of the structure is a 1 1/2" x 2 1/2" formed steel L shaped 16 gauge channel. The windows will remove from the outside for repairs.

FLOOR

The floor of the van shall be max level with 1/2" exterior grade plywood over the steel floor, also adding strength and insulation. In the underseat area, the floor is covered with black rubber covering having a minimum overall thickness of .125 inch (1/8"). In the aisle, the black rubber covering is non-skid, wear resistant and ribbed. The minimum overall thickness is .1875 inch (3/16"). A 1 1/2" white nosing is installed in the floor at the entrance door.

INTERIOR FINISH

The walls below the windows to the floor will be covered with embossed aluminum. The window post will be painted. The rear corners will be finished with padded panels from floor to ceiling that can be removed for rear light

NATIONAL
COACH CORPORATION

MAR 02 1989

P.O. Box 225
Galena, Alaska 99741

February 25, 1989

Senator Lloyd Jones, Chairman
Senate Transportation Committee
P.O. Box V
Juneau, Alaska 99811

Dear Senator Jones:

I am writing in support of House Bill 105, mandatory seatbelts. I have been involved in seatbelt education programs in the Galena School District since 1985 and feel a seatbelt use law will encourage more Alaskans to buckle up and thus save lives.

As Secretary and Regional Coordinator for the National Coalition For Seatbelts on School Buses, I support the installation of seatbelts on large Type I school buses. However, I feel that this issue should not be addressed in HB 105 because the issue is controversial and could damage the chances for passage of the bill.

Unfortunately, the language of the bill as amended in House Judiciary now excepts "passengers in a school bus" without making a distinction between passengers riding in Type II small school buses and vans where safety restraints are federally mandated and large Type I school buses where they are not.

There is no controversy surrounding the installation and use of seatbelts on small school buses. The issue was settled in 1977 by the National Highway Traffic Safety Administration (NHTSA) which issued Federal Motor Vehicle Safety Standard No. 222 which requires seatbelts on all school buses under 10,000 lbs. gross vehicle weight. School vans transporting less than 10 students cannot be certified as "school buses" by federal regulations and will be protected by HB 105. However, the approximately 1000 Alaskan school children who ride on approximately 100 Type II school vans daily will be discriminated against and denied the protection of the seatbelts already provided in their buses.

NHTSA continues to recommend seatbelt use by all children riding Type II school buses and vans as set forth in Standard 17. Jerry Tannahill, of NHTSA Occupant Protection, stated in a telephone conversation with me on February 17, 1989 that the Agency has not changed its position because of the Canadian Crash Tests in 1984. He said that the tests were limited in that they only addressed frontal crashes and did not consider side impacts and rollovers where belts would have been beneficial. He stressed that the Canadian tests should be viewed with caution.

There were problems with the Canadian Crash Tests other than those mentioned by NHTSA. Numerous rebuttals to the Canadian results have been written which address such points as:

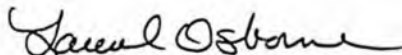
1. The use of extremely stiff backed dummies which did not accurately model human spinal flexibility.
2. Failure to adjust the seatbelts on belted dummies, resulting in the dummy sliding 10 inches on the seat before contacting the safety belt. A seatbelt must be snugly tightened against the body to be of benefit, particularly in a 30 mile per hour crash into a brick wall. The stiffness of the dummy coupled with the acceleration of the body into the seatbelt, may have helped contribute to the high head injury readings.
3. The six instrumented dummies used on each bus only had instrumentation on foreheads and chests--no other part of the body was monitored. Impacts received by the necks of unbelted dummies were not measured. Injuries occurring to unbelted dummies which were thrown into the aisles were not measured. Injuries sustained by an unbelted dummy sitting in the front seat of the school van, and which was thrown through the restraining barrier and landed upside down on top of the door opening mechanism were not measured.

I would be happy to provide you with rebuttals of the Canadian tests. No federal, state or local jurisdiction has either removed safety belts from school vans or recommended against their use because of the Canadian tests.

Clearly, the exemption of school children riding in Type II school buses is unwise, especially given this Legislature's commitment to the safety and well-being of Alaska's children.

School bus safety advocates would be satisfied with an amendment reading "except passengers in large Type I school buses weighing over 10,000 lbs." or similar wording to that effect. I sincerely hope that the Mandatory Seatbelt Law passes this year and I hope that with your support, those 1000 Alaskan school children riding Type II small school buses and vans will not be forgotten.

Sincerely,



Laurel Osborne, Chairman
Galena School Bus Safety Committee
Secretary, National Coalition For Seatbelts on School Buses

656-1805

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A PROFESSIONAL CORPORATION
ATTORNEYS AT LAW
JUNEAU, ALASKA 99802

March 7, 1989

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JAMES F. CLARK
PAUL M. HOFFMAN
D. ELIZABETH CUADRA**
ROBERT P. BLASCO
MARY A. NORDALE
THOMAS J. SLAGLE

ADMITTED IN WASHINGTON, D.C.
AND ALASKA

ALL OTHERS ADMITTED
IN ALASKA

The Honorable Lloyd Jones
Chairman
Senate Transportation Committee
P.O. Box V
Juneau, AK 99811

RE: CSHB 105 - Mandatory Use of Safety Devices in
Motor Vehicles

Dear Senator Jones:

The American Insurance Association, a trade organization representing over 190 property/casualty insurers, supports legislation to improve the safety of vehicles, highways, and drivers. To this end, the AIA endorses mandatory seat belt laws.

CSHB 105, a mandatory seat belt bill, will soon be considered by the Senate Transportation Committee. The bill was significantly amended on the House floor to include a section which mandates at least a 5% mandatory premium reduction, effective one year after enactment of the bill. There was no significant public discussion on this amendment. The American Insurance Association cannot support CSHB 105 as amended.

There is no objective evidence to correlate the mandated premium reduction to the proposed legislation. More importantly, the cost of the insurance product is better left to the competitive market process rather than through a mandate. The Division of Insurance continually monitors the premium rates to ensure that they are neither excessive nor inadequate. Ultimately, the Division of Insurance will ensure that any legislative changes are appropriately reflected in the premium rates.

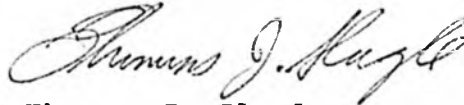
The Honorable Lloyd Jones

-2-

March 7, 1989

We urge the members of the Senate Transportation Committee to consider HB 105 as originally introduced, without the mandatory premium reduction amendment.

Sincerely,



Thomas J. Slagle

Alaska Counsel - American Insurance Association

TJS:blh:026

cc: Mike Thomas, Esq.
AIA

Alaska State Legislature




Speaker of the House of Representatives

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

Official Business

March 9, 1989

To: Senator Lloyd Jones, Chairman
Senate Transportation Committee

From: Representative Sam Cotten 
Speaker of the House

Subject: House Bill 105

Thank you for scheduling CS for HB 105 (Judiciary) am, requiring the use of safety constraint devices in most motor vehicles. Your timely consideration of this bill is appreciated.

There is compelling evidence that the use of seat belts significantly reduces the number of traffic fatalities. States that have required their use have seen a corresponding decrease in traffic related deaths. If legislation is enacted into law, Alaska would be the 32nd state to require the use of seat belts.

CS for HB 105 makes failure to use seat belts a secondary offense which would carry a \$15 fine. The offender could donate the fine to emergency medical services.

The legislation would require an insurer providing motor vehicle liability insurance to reduce premiums by five percent unless an insurer justifies the need for an adjustment to the director of insurance. This provision was not in the original version of the bill, but was added on the floor at the request of the Co-Chairman of the Judiciary Committee.

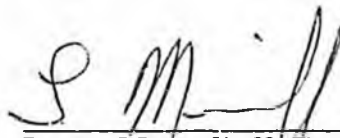
Please contact my office if you need any further information.

CSHB 105 (Jud) am: An Act relating to mandatory use of safety devices in motor vehicles; and motor vehicle bodily injury liability insurance rates.

This bill amends AS 21.39 by adding a new section. Section 21.39.035 mandates at least a 5% premium reduction for motor vehicle bodily injury liability insurance to reflect the required use of seat belts and child safety devices under AS 28.05.095. Section 2, AS 28.05.095 sets out the standards for mandatory use of seat belts and child restraints. Section 3, AS 28.05.096, allows for exemptions. Section 4, AS 28.05.099, sets forth the penalties for noncompliance with the mandatory seat belt law.

This bill mandates 5% reduction in motor vehicle bodily injury liability insurance rates which will reflect the required use of seat belts and child safety restraints under AS 28.05.095. The division interprets Section 21.39.035 to mean that the Legislature has created a pricing presumption of 5% which is not contrary to AS 21.39 provided that insurers have an opportunity to rebut this presumption based on experience. Otherwise, a constitutionality issue may be raised.

There is, however, a problem with Section 1 of this proposal. It provides no way for an insured person to prove or disprove that he or she is in compliance with the law. Therefore, those who do not buckle up will get the discount as well as those who do buckle up. Whether this section will be interpreted to place a burden upon a person to use a seat belt or otherwise be found negligent or comparatively negligent is open to question.



Larry Merculieff, Commissioner

Date: 3/14/89

LM/JB/dgl3548D-2
031489b

FISCAL NOTE

REQUEST:

Revision Date: 2-23-89
 Title: An Act relating to mandatory safety Agency Affected: DCED
Devices in Vehicles; Motor Vehicle Liability Ins. Rates BRU: Insurance
 Sponsor: Judiciary Committee Components: Operations
 Requestor: Senate Transportation

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
----------------	----------	----------	----------	----------	----------	----------

REVENUE	0	0	0	0	0	0
----------------	----------	----------	----------	----------	----------	----------

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

No fiscal impact on the division.

Prepared by: Bob Sims Phone: 465-2517
 Division: Insurance Date: 3-13-89

Approved by Commissioner: S. Merrill Date: 3/14/89
 Agency: _____

Distribution (by preparer):

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

FISCAL NOTE

FEB 13 1990

REQUEST:

Revision Date: _____ Agency Affected: Commerce & Economic Dev.
Title: An Act relating to Mandatory BRU: Insurance
Safety Devices in Vehicles; Motor Vehicle Liability Insurance Rates
Sponsor: Cotten Components: Operations
Requestor: Senate Transportation

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary) No fiscal impact in FY 90.

No fiscal impact on the division.

Prepared by: Bob Sims, Insurance Market Analyst Phone: 465-517
Division: Insurance Date: _____
Approved by Commissioner: Larry Merculieff Date: 5/2
Agency: Department of Commerce & Economic Development

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

FISCAL NOTE

REQUEST:

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

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

No fiscal impact on the division.

Prepared by: Bob Sims
 Division: Insurance

Phone: 465-2517
 Date: 3-15-89

Approved by Commissioner: Larry Merculieff
 Agency: Dept. of Commerce & Economic Dev.

Date: 3-15-89

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

SENATE COMMITTEE REPORT

FURTHER

FINANCE

2/24/89

DATE TURNED INTO OFFICE March 14, 1989

Mr. President:

TRSP

Committee considered

CSHB 105 (JUD) am

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

and recommended

- replace with SCS ^{cs} HB 105 (Trsp)) same title
- or adopt _____ ^{CS} _____) new title
- attached amendment(s) and _____) technical title change (HB only)
- Transportation letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

FISCAL NOTE(S) zero fiscal impact appropriation no FN
 new updated previous
 same as previous fiscal note(s) published _____

MEMBERS SIGNING DO PASS

[Signature]

OTHER RECOMMENDATIONS

[Signature] no Rec
Paul Fisher No Rec
Fahrenkamp - Do Not Pass unless amended

[Signature] (No Rec)
 Chairman signature and recommendation

Committee Backup attached

Amendment to CS FOR HOUSE BILL 105 am

Section 1. AS 21. 39.030 is amended by adding a new subsection (a)(7) to read:

(7) Consideration shall be given to the effects of the mandatory use of safety devices in motor vehicles in this state and the resulting experience shall be reflected in automobile bodily injury rates.

DELETE: Lines 10-20 in their entirety

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

IN THE HOUSE

BY THE TRANSPORTATION COMMITTEE

SENATE CS FOR CS FOR HOUSE BILL NO. 105 (Transportation)

IN THE LEGISLATURE OF THE STATE OF ALASKA

SIXTEENTH LEGISLATURE - FIRST SESSION

A BILL

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

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

* Section 1. AS 21.39.030 is amended to read:

Sec. 21.39.030. MAKING OF RATES. (a) Rates shall be made under [IN ACCORDANCE WITH] the following provisions:

(1) rates may [SHALL] not be excessive, inadequate, or unfairly discriminatory;

(2) consideration shall be given to past and prospective loss experience inside and outside this state, to the conflagration and catastrophe hazards, to a reasonable margin for underwriting profit and contingencies, to dividends, savings, or unabsorbed premium deposits allowed or returned by insurers to their policyholders, members, or subscribers, to past and prospective expenses both countrywide and those specially applicable to this state, and to all other relevant factors inside and outside this state;

(3) the systems of expense provisions included in the rates for use by an insurer or group of insurers may differ from those of other insurers or group of insurers to reflect the requirements of the operating methods of the insurer or group of insurers with respect to any kind of insurance, or with respect to a subdivision or combination of insurance [THEREOF] for which [SUBDIVISION OR COMBINATION] separate expense provisions are applicable;

(4) risks may be grouped by classifications for the establishment of rates and minimum premiums; classification rates may be modified to produce rates for individual risks under [IN ACCORDANCE WITH] rating plans that [WHICH] establish standards for measuring variations in hazards or expense provisions, or both; the standards may measure any differences among risks that can be demonstrated to have a probable effect upon losses or expenses;

(5) in the case of fire insurance rates, consideration may be given to the experience of the fire insurance business during a period of not more than the most recent five-year period for which experience is available;

(6) when there is an established program to inspect new and existing dwellings and the program has been certified by the director as likely to reduce the incidence of fires in inspected dwellings, then in any rate plan used in this state, dwellings that [WHICH] have been found by the inspection to meet the standards established by the program shall have credits applied to the rate in amounts approved by the director;

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

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

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

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

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

(b) Except as provided in (c) of this section, a driver may not transport a child under the age of 16 in a motor vehicle unless the driver has properly secured each child as described in this subsection. If the child is less than four years of age, the child shall be properly secured in a child safety device meeting the standards of the United States Department of Transportation for a child safety device for infants. If the child is four but not yet 16 years of age, the child shall be properly secured in a child safety device approved for a child of that age and size by the United States Department of Transportation or in a safety belt, whichever is appropriate for the particular child.

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

- (1) passengers in a school bus or an emergency vehicle;
- (2) a vehicle operator acting in the course of employment delivering mail or newspapers from inside the vehicle to roadside mail or newspaper boxes;
- (3) a person or class of persons exempted by regulation under AS 28.05.096; or
- (4) a person required to be restrained by safety belts under (a) or (b) of this section if the motor vehicle is not equipped with safety belts.

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

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

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

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

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

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

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

(1) been convicted previously for violating AS 28.05.095 [THAT SECTION] by failing to provide a child safety device or safety

belt [SEATBELT];

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

(3) provided [THE] proof under [REQUIRED BY] this subsection on a prior occasion.

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

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

FISCAL NOTE

REQUEST:

Revision Date: 3/8/89
Title: Mandatory use of safety devices
in motor vehicles
Sponsor: House Judiciary
Requestor: Senate Transportation

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

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

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
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REVENUE	-0-	-0-	-0-	-0-	-0-	-0-
---------	-----	-----	-----	-----	-----	-----

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

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

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

Phone: 465-4375
Date: 3/8/89

Approved by Commissioner: Arthur English
Agency: Department of Public Safety

Date: 3/8/89

STATE OF ALASKA
1989 LEGISLATIVE SESSION

No. 1

BILL VERSION: HB 105
PUBLISH DATE: HOUSE 2/1/89

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: Mandatory use of safety devices
in motor vehicles
Sponsor: Representative Cotten, et al
Requestor: House State Affairs

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

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

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
---------	-----	-----	-----	-----	-----	-----

REVENUE	-0-	-0-	-0-	-0-	-0-	-0-
---------	-----	-----	-----	-----	-----	-----

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

No fiscal impact is anticipated. Revenue generated will be negligible. Section 3 provides for judicial waiving of the \$15.00 fine if a donation is made to the Emergency Medical Services entity serving the locale where the violation occurred.

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

Phone: 465-4375
Date: 1/26/89

Approved by Commissioner: Arthur English
Agency: Department of Public Safety

Date: 1-27-89

BILL NO: HB 105

DATE: January 26, 1989

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

CONTACT: Ellen Moore
Highway Safety Planning Agency
465-4375

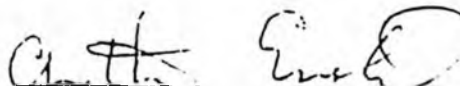
DEPARTMENT OF PUBLIC SAFETY
ALASKA

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

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

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

We recommend passage of HB 105 as written.



Arthur English
Commissioner

FISCAL NOTE

REQUEST:

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

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

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

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
---------	-----	-----	-----	-----	-----	-----

REVENUE	-0-	-0-	-0-	-0-	-0-	-0-
---------	-----	-----	-----	-----	-----	-----

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

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

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

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

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

Date: 3/15/89



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

Safety Belt Use and Automobile Insurance:

A Report To Congress 1988

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

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

EXECUTIVE SUMMARY

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

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

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

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

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

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

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

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

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

The following table shows the number of states that have enacted laws requiring the use of safety belts in motor vehicles. The table also shows the year in which the law was enacted. The number of states that have enacted laws requiring the use of safety belts in motor vehicles is shown in the following table.

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I. INTRODUCTION

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

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

It directed NHTSA to:

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

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

THIS REPORT IS DIVIDED INTO FIVE CHAPTERS

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

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

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

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

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

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

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

II. STRUCTURE AND OPERATION OF THE AUTO INSURANCE INDUSTRY

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

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

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

MANY AUTO INSURANCE COVERAGES ARE AVAILABLE

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

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

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

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

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

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

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

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

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

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

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

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

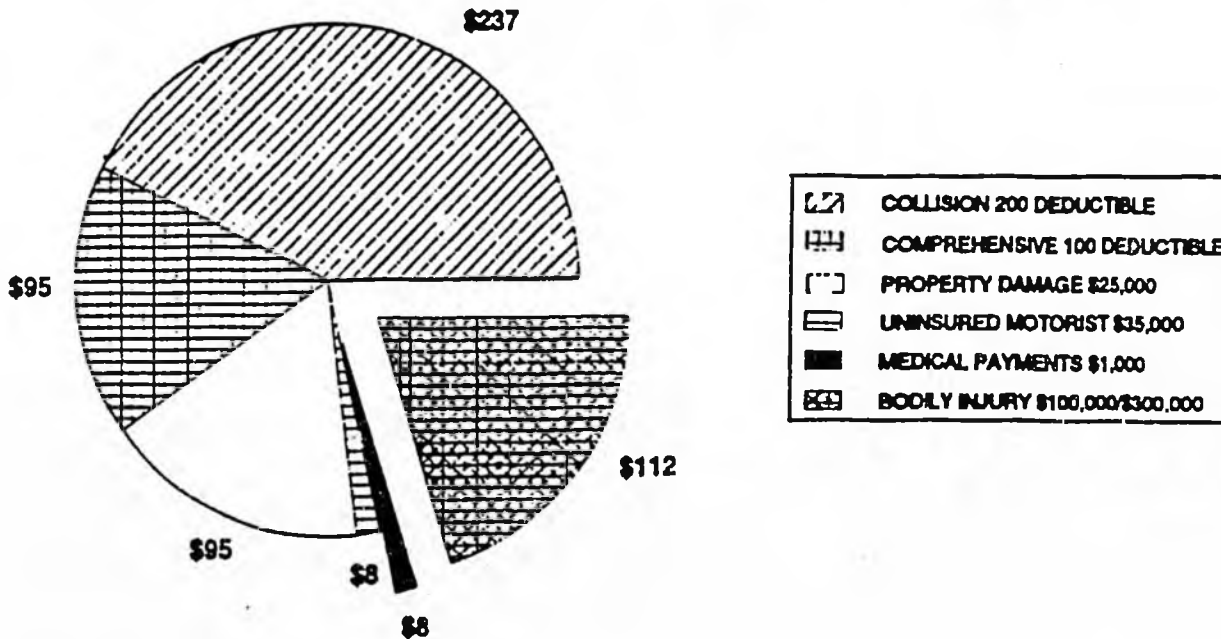
Figure 1 illustrates the price of each coverage for a young driver of a sporty car in central Philadelphia and the middle-aged drivers of a station wagon in suburban Omaha (Yezzi, 1988). The prices shown here are those presently recommended by the Insurance Services Office (ISO). ISO is a rating bureau. It pools data on insurance claims payments and provides advisory information about pricing to the insurers that supplied the data. Figure 1 suggests that drivers, whether paying modest or astronomical prices, are likely to pay less than half of their insurance premiums for bodily injury liability and medical coverage if they buy collision and comprehensive coverage, as about 70 percent do (Docket 74-14-32-6106 and 6126, 1984).

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

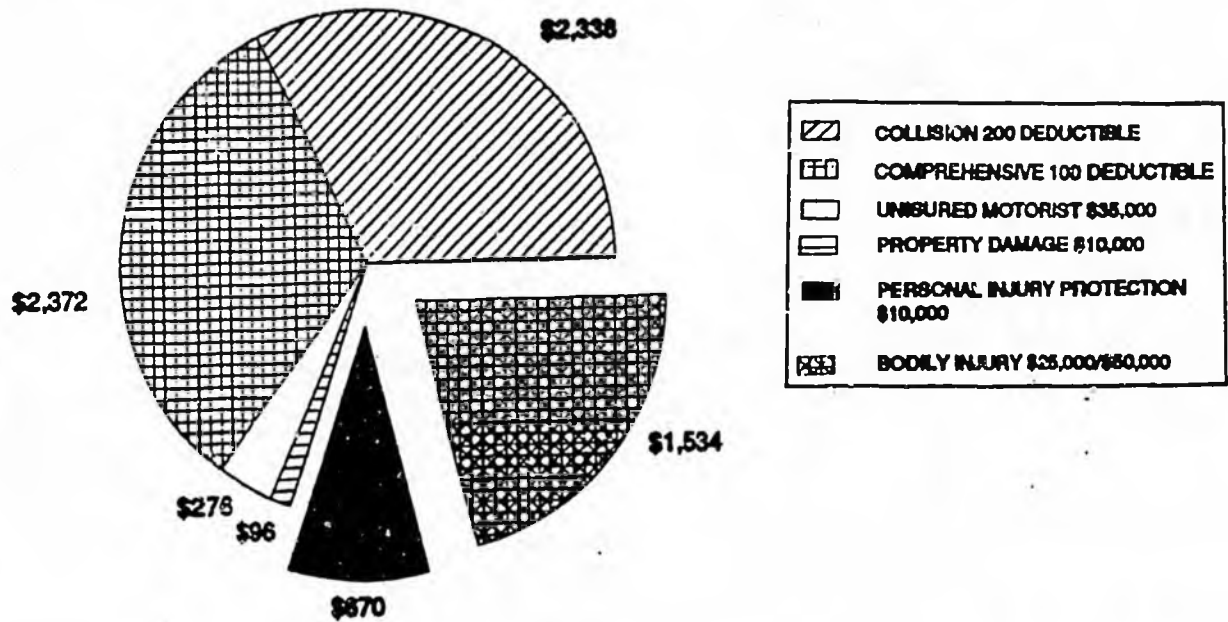
Rising belt use reduces injury, but not property damage, claims costs. Consequently, a 10 percent drop in injury claims costs reduces total claims costs, and presumably insurance prices, by 4 to 5 percent.

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

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



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



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

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

LIABILITY CLAIMS COSTS AND INSURANCE PRICES ARE RISING RAPIDLY

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

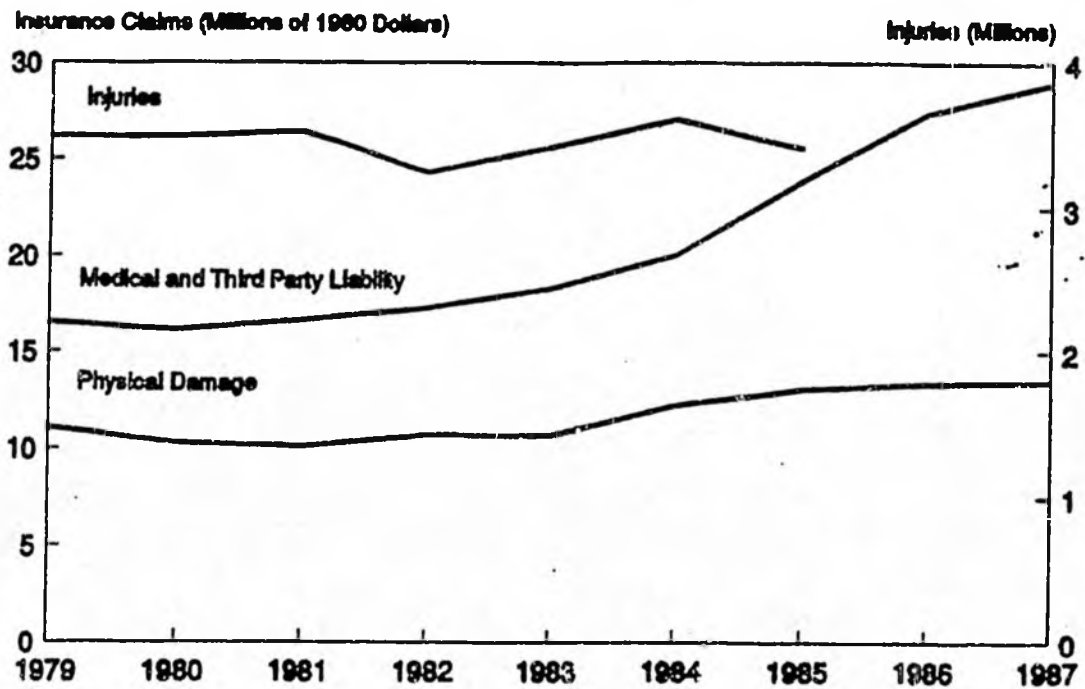
INSURANCE PRICE DETERMINATION IS A COMPLEX PROCESS

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

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

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

Figure 2. Time Trends in Injuries and Auto Claims Paid



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

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

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

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

III. IMPACTS OF BELT USE ON INJURY RATES

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

BELT USE HAS A LONG HISTORY

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

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

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

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

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

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

Seat Belt Usage Laws

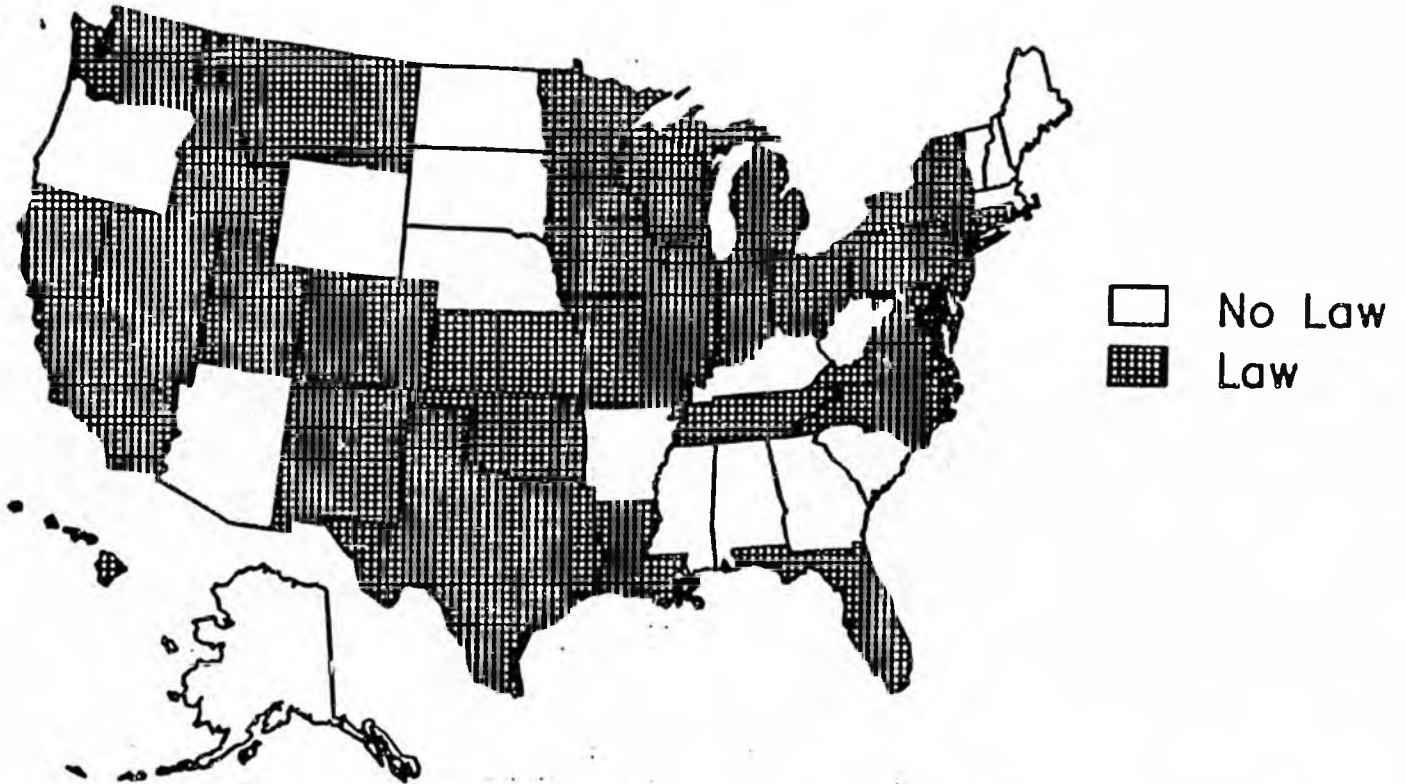
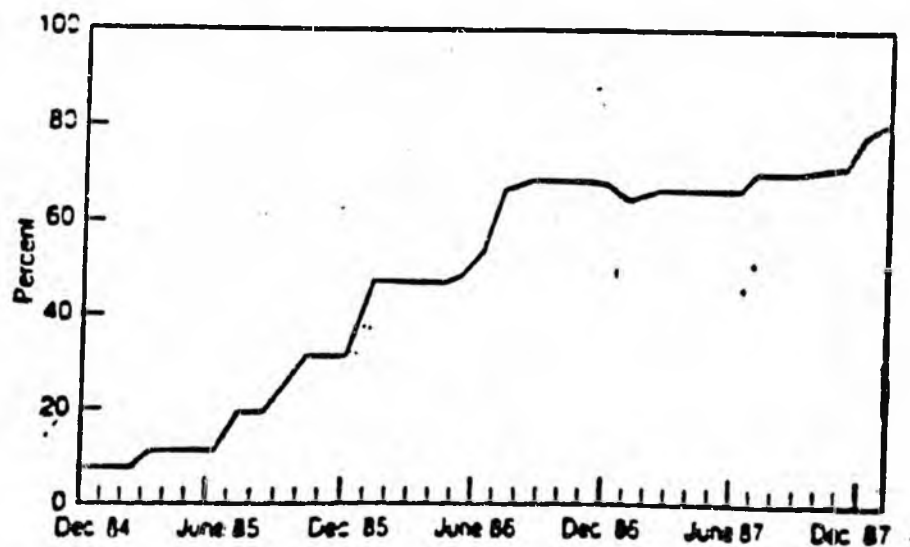


Figure 4. Percentage of Population Covered by Belt Laws, by Month



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

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

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

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

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

RISING BELT USE HAS REDUCED INJURIES AND FATALITIES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

IV. STATE AND INSURANCE INDUSTRY ACTIONS

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

FOUR STATES HAVE ORDERED PRICE REDUCTIONS

PIP = Personal Injury Protection

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

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

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

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

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

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

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

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

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

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

* Percentage of all injury costs.

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

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

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

Table 5. How States Regulate Auto Insurance Price Changes

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

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

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

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

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

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

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

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

INDUSTRY-FUNDED ANALYSES ALSO CONFIRM THE RANGE OF IMPACT

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

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

MANY INSURERS OFFER INCENTIVES FOR BELT USE

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

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

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

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

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

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

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

CASE STUDIES SHOW INCENTIVES OFTEN ARE NOT COSTLY

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

USAA, the nation's ninth largest writer of auto insurance and primarily a writer of coverage for military officers, announced the strongest air bag incentive program to date on March 30, 1988 (Insurance Institute, April 1988). Again, the package reflected a business-related commitment to auto safety. USAA offered to pay \$300 to any of its insureds as a bonus for buying or taking a long-term lease on a car equipped with an optional air bag in 1988. This offer actually applies to very few vehicles. As of March 1988, optional airbags were available only on the Ford Tempo, Mercury Topaz, Oldsmobile Delta 88, Volvo 740 GLE, and Porsche 944. They were expected to be available later in the year on the Saab 900T.

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

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

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

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

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

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

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

V. CONCLUSIONS

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

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

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

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

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

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

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

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

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

TENNESSEE TRAFFIC SAFETY REPORTER
MAY-JUNE 1988

INSURANCE
INDUSTRY
RESPONDS
WITH LOWER
PREMIUMS

The Iowa Insurance Commissioner has ordered insurance companies in the state to cut costs charged on certain auto insurance because the insurer's payments have been reduced by the state's safety belt use law. The order will force insurance companies to cut bodily injury and medical premiums on all auto policies by five percent. They expect \$12 million savings to Iowa residents the first year alone

A Publication by the Tennessee Safety Belt Use Coalition

Compilation Of

State Safety Belt Use Laws

FOREWORD

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

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

Prepared by:
State Relations Department



**Motor Vehicle Manufacturers Association
of the United States, Inc.**

December, 1988

State Safety Belt Use Laws**

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

State Safety Belt Use Laws**

State/ Effective Date	Coverage	Waivers	Penalties	Damages/Evidence	Public Education Campaign	Other Provisions
Florida 7/1/86	Driver and front seat passengers.	School buses; bus used to transport persons for compensation; farm tractors or implements of husbandry; trucks over 5,000 lbs; persons with medical reasons; and employees of newspaper home delivery service.	\$20.00 fine, including court costs. Enforcement as secondary action only.	Non-compliance shall not constitute negligence per se nor shall each violation be used as prima facie evidence of negligence.	Yes.	Law provides that number of front seat passengers of a pickup truck required to wear safety belt shall not exceed number of safety belts which were installed in front seat of pickup truck. Requires insurance rates to reflect savings associated with increased belt use.
Georgia 9/1/88	Driver and front seat passengers.	Persons who make frequent stops; persons with medical excuses; vehicles operated in reverse; passenger vehicles with MY prior to 1985; vehicles not required to be equipped with safety belts; rural letter carriers; emergency vehicles; vehicles mounted on a truck chassis; and off-road vehicles.	Secondary enforcement only. No points. Maximum fine of \$15.00.	Non-compliance shall be evidence of negligence or diminish recovery for damages.	No provision.	Failure to wear safety belts shall not be a basis for cancellation of coverage or increase in insurance rates.
Hawaii (T) 12/16/85 As Amended 6/8/88	Driver and front seat passengers.	Persons with medical excuses; emergency, commercial and mass transit vehicles; Type 1 school buses; vehicles for hire; and vehicles not required to be equipped with safety belts.	\$20.00 fine. No points.	Law will not change existing rules pertaining to civil actions for personal injuries/deaths in motor vehicle accidents.	Yes.	Law must not be used to rescind automatic occupant restraint requirements. Provides for 10% reduction on insurance premiums.

State Safety Belt Use Laws**

State/ Effective Date	Coverage	Waivers	Penalties	Damages/Evidence	Public Education Campaign	Other Provisions
Idaho 7/1/86 As Amended 3/29/88	Driver and front seat passengers.	Vehicles over 8,000 lbs.; vehicles not required to be equipped with safety belts; persons with medical excuses; imple- ments of husbandry; emergency vehicles; occupants of front seat of vehicle in which all safety belts are in use; and mail carriers.	\$5.00 fine. No points. Enforcement as secondary action only.	No provision.	Yes.	The state transportation depart- ment shall evaluate the effective- ness of the law and report its find- ings in its annual Highway Safety Plan to NHTSA and FHWA.
Illinois (T) 7/1/85 As Amended 9/8/87	Driver and front seat passengers.	Persons frequently leav- ing vehicle for deliver- ies; persons with medical excuses; rural letter carriers; vehicles operated in reverse; ve- hicles not required to be equipped with belts; and vehicles manufactured prior to 1965.	Maximum fine of \$25.00. No warning period. No points. Enforcement as secondary action only.	Non-compliance shall not be considered evi- dence of negligence, limit liability of insurer, or diminish recovery for damages arising out of the ownership, maintenance or operation of a vehicle.	No provision.	None.
Indiana 7/1/87	Driver and front seat passengers.	Trucks, tractors and recreational vehicles; persons with medical ex- cuses; rural letter carriers; vehicles oper- ated in reverse; vehicles not required to be equipped with safety belts; vehicles manu- factured prior to 1965; and bus passengers.	Maximum fine of \$25.00. No warning period. Enforcement only as a secondary action. No points.	Non-compliance does not limit liability of in- surer and may not be admitted as evidence in civil action.	Yes.	Division of Traffic Safety shall evaluate the effective- ness of the law and report its findings in its annual report to NHTSA and FHWA.

State Safety Belt Use Laws**

State/ Effective Date	Coverage	Waivers	Penalties	Damages/Evidence	Public Education Campaign	Other Provisions
Iowa (T) 7/1/86	Driver and front seat passengers.	Vehicles manufactured prior to 1966 model year; persons making frequent stops; bus passengers; rural letter carriers; and persons with medical certificates.	\$10.00 fine and \$11.50 court costs.	Non-compliance is not admissible as evidence in any civil action. However, evidence of failure to wear a safety belt may be admitted to mitigate damages.	Yes.	None.
Kansas 7/1/86	Driver and front seat passengers.	Vehicles with a GVW over 12,000 lbs.; persons with medical excuses; postal carriers; and newspaper delivery persons.	\$10.00 fine, including court costs. Enforcement as secondary action only.	Non-compliance shall not be admissible in any action for determining negligence or mitigation of damages.	Yes.	Law shall not be interpreted to obviate requirement of occupant crash protection as contained in 49 CFR 571.208. Provides for 10 year manufacturer's warranty on safety belts. The Secretary of Transportation shall evaluate the effectiveness of this act and report its findings in the annual Highway Safety Plan.
Louisiana 7/1/86 As Amended 8/1/88	Driver and front seat passengers.	Persons with medical excuses; rural letter carriers; and cars, vans, or pickups manufactured before 1/1/81.	\$25.00 fine, including court costs. Enforcement only as a secondary action.	Non-compliance shall not be considered evidence of comparative negligence or be admissible in any action to mitigate damages.	Yes.	None.