

Assembly Hearing Slip

(Please print plainly)

Date: 7-31-97  
Bill No. AB 86  
Or. AB 86  
Subject \_\_\_\_\_  
Rep. Tim Baermer  
(Name)  
1507 Capitol  
(Street Address or Route Number)  
(City & Zip Code)  
Author of Bill  
(Representing)

Speaking in favor:   
Speaking against:   
Registering in favor:   
Registering against:   
Speaking for information only; Neither for nor against:   
Please return this slip to a messenger promptly.

Assembly Sergeant at Arms:  
Room 411 West  
State Capitol  
Madison, WI 53702

#1 Against  
Assembly Hearing Slip

(Please print plainly)

Date: July 31, 1997  
Bill No. AB 86  
Or. \_\_\_\_\_  
Subject \_\_\_\_\_  
Don Cleasby  
(Name)  
2600 Lakes Road  
(Street Address or Route Number)  
Des Plaines IL 60018  
(City & Zip Code)  
National Assn. of Independent Insurers  
(Representing)

Speaking in favor:   
Speaking against:   
Registering in favor:   
Registering against:   
Speaking for information only; Neither for nor against:   
Please return this slip to a messenger promptly.

Assembly Sergeant at Arms:  
Room 411 West  
State Capitol  
Madison, WI 53702

#2 Against  
Assembly Hearing Slip

(Please print plainly)

Date: 7/30  
Bill No. AB 86  
Or. \_\_\_\_\_  
Subject Compulsory Auto Ins.  
Joe Zurek  
(Name)  
6000 American Pkwy  
(Street Address or Route Number)  
Madison, WI 53730  
(City & Zip Code)  
American Family Ins.  
(Representing)

Speaking in favor:   
Speaking against:   
Registering in favor:   
Registering against:   
Speaking for information only; Neither for nor against:   
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Room 411 West  
State Capitol  
Madison, WI 53702

Assembly Hearing Slip

(Please print plainly)

Date: 8-31-97  
Bill No. AB 86  
Or  
Subject

(Name) Julie Clark  
(Street Address or Route Number) 4802 Sheboygan Ave # 351  
(City & Zip Code) Madison, WI 53707  
(Representing) Dept. of Transportation

- Speaking in favor:
- Speaking against:
- Registering in favor:
- Registering against:
- Speaking for information only; Neither for nor against:

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Room 411 West  
State Capitol  
Madison, WI 53702

Assembly Hearing Slip

(Please print plainly)

Date: 7/31/97  
Bill No. AB 86  
Or  
Subject

(Name) Matt Bromley  
(Street Address or Route Number) 402 w. Wilson  
(City & Zip Code) Madison, WI 53714  
(Representing) State Bar of WI - Litigation Section

- Speaking in favor:
- Speaking against:
- Registering in favor:
- Registering against:
- Speaking for information only; Neither for nor against:

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Room 411 West  
State Capitol  
Madison, WI 53702

Assembly Sergeant at Arms  
Room 411 West  
State Capitol  
Madison, WI 53702

Please return this slip to a messenger promptly.

- Speaking in favor:
- Speaking against:
- Registering in favor:
- Registering against:
- Speaking for information only; Neither for nor against:

(Name) Eric Englund  
(Street Address or Route Number) 49 E Madison  
(City & Zip Code) Madison  
(Representing) Wisconsin Resource Alliance

Date: \_\_\_\_\_

Bill No. AB 86

Or  
Subject \_\_\_\_\_

(Please print plainly)

Assembly Hearing Slip

#3 Against

Assembly Hearing Slip

(Please print plainly)

Date: \_\_\_\_\_  
Bill No. AB 86  
Or  
Subject \_\_\_\_\_

Pete Christanson  
(Name)  
1 S Pinckney Suite 600  
(Street Address or Route Number)  
Madison, WI 53701-2113  
(City & Zip Code)  
American Insurance  
(Representing) ASSOC.

- Speaking in favor:
- Speaking against:
- Registering in favor:
- Registering against:
- Speaking for information only; Neither for nor against:

Please return this slip to a messenger promptly.

Assembly Sergeant at Arms  
Room 411 West  
State Capitol  
Madison, WI 53702

Assembly Hearing Slip

(Please print plainly)

Date: 7-31-97  
Bill No. AB 86  
Or  
Subject \_\_\_\_\_

Owen Schwerdtfeger  
(Name)  
6000 American Pkwy  
(Street Address or Route Number)  
MADISON 53783  
(City & Zip Code)  
AMERICAN FAMILY INS  
(Representing)

- Speaking in favor:
- Speaking against:
- Registering in favor:
- Registering against:
- Speaking for information only; Neither for nor against:

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Assembly Sergeant at Arms  
Room 411 West  
State Capitol  
Madison, WI 53702

Assembly Hearing Slip

(Please print plainly)

Date: July 31, 1997  
Bill No. AB 86  
Or  
Subject Auto Ins.

Ron Kuehn  
(Name)  
2 E. Mefflin St.  
(Street Address or Route Number)  
Madison, WI 53703  
(City & Zip Code)  
WI Assoc. Life Underwriters  
(Representing)  
Private Insurance Agents of WI  
Independent Insurance Agent of WI

- Speaking in favor:
- Speaking against:
- Registering in favor:
- Registering against:
- Speaking for information only; Neither for nor against:

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Assembly Sergeant at Arms  
Room 411 West  
State Capitol  
Madison, WI 53702

Assembly Hearing Slip

(Please print plainly)

Date: 2-31-97  
 Bill No. AB 86  
 Or  
 Subject \_\_\_\_\_  
R.J. RUBEL  
 (Name)  
436 WATERLOO ST  
 (Street Address or Route Number)  
COLUMBUS WI 53926  
 (City & Zip Code)  
ABATE OF WI.  
 (Representing)

- Speaking in favor:
- Speaking against:
- Registering in favor:
- Registering against:
- Speaking for information only; Neither for nor against:

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Assembly Sergeant at Arms  
 Room 411 West  
 State Capitol  
 Madison, WI 53702

THANK YOU  


Assembly Hearing Slip

(Please print plainly)

Date: 7-31-97  
 Bill No. AB 86  
 Or  
 Subject \_\_\_\_\_  
LEE FANSHAW  
 (Name)  
1800 NORTH POINT DRIVE  
 (Street Address or Route Number)  
STEVENS POINT, WI 54481  
 (City & Zip Code)  
SENTINEL INSURANCE  
 (Representing)

- Speaking in favor:
- Speaking against:
- Registering in favor:
- Registering against:
- Speaking for information only; Neither for nor against:

Please return this slip to a messenger promptly.

Assembly Sergeant at Arms  
 Room 411 West  
 State Capitol  
 Madison, WI 53702

Jim B.

DOT 9.6% uninsured.

270,000 accidents

? 26,000 uninsured.

II - \$500 fine.

→ see DOT handout  
for statistics

*Preliminary*

**Assembly**

**Record of Committee Proceedings**

**Committee on Consumer Affairs**

**Assembly Bill 86**

Relating to: assuring financial responsibility for the operation of motor vehicles, granting rule-making authority and providing a penalty.

By Representatives Baumgart, Gunderson, Ainsworth, Black, Cullen, La Fave and F. Lasee; cosponsored by Senators Rude, Jauch and Buettner.

February 12, 1997 Referred to committee on Consumer Affairs.

July 31, 1997 **PUBLIC HEARING HELD**

Present: (5) Representatives Otte, Johnsrud, Ott, M. Lehman and Hasenohrl.  
Absent: (3) Representatives Urban, Williams and Black.

Appearances for

- Representative Jim Baumgart, author

Appearances against

- Don Cleasby, National Assn. of Independent Insurers, Des Plaines, IL
- Joe Zwettler, Amercian Family Insurance, Madison
- Eric Englund, Wisconsin Insurance Alliance, Madison

Appearances for Information Only

- Julie Clark, Wisconsin Department of Transportation

Registrations for

- Matt Bromley, State Bar of Wisconsin, Madison

Registrations against

- Pete Christianson, American Insurance Association, Madison
- Owen Schwerdtfeger, Amercian Family Insurance, Madison
- Ron Kuehn, WI Assn. of Life Underswriters; Private Insurance Agebts of WI; and Independent Insurance Agents of WI, Madison
- R. J. Rubel, ABATE of Wisconsin, Columbus
- Lee Fanshaw, Sentry Insurance, Stevens Point

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Daniel A. Young  
Committee Clerk

## What happens if the uninsured driver and owner do nothing?

The driver's operating privilege and the license plates of all vehicles listed in the owner's name are revoked for one year. If no court action is started by the end of that year, they can be returned.

## What is required to get the licenses back?

The driver and the owner of the vehicle need to show that they have liability insurance, and pay \$50 for the driver license and \$50 for the license plates.

## For more information on this law contact:

WI Division of Motor Vehicles  
Traffic Accident Section  
P.O. Box 7919  
Madison, WI 53707-7919

Telephone: (608) 266-1249  
TDD (608) 266-0824  
FAX (608) 267-0606

# Wisconsin's Uninsured Motorist Law

## Information for Vehicle Owners/Drivers



**This pamphlet is on Wisconsin's Safety Responsibility Law. It will help you understand what happens when an uninsured driver has a traffic accident.**

### **What is a reportable accident?**

Anytime a person is hurt or killed or someone's property is damaged over \$1000 it must be reported. Call the police immediately, they will report it for you. If they cannot file the report, you need to. You can get the driver report form from the police or any DMV Service Center.

If you are in an accident in Wisconsin, you should exchange insurance information with the other driver.

### **What if one of the drivers does not have Insurance?**

Under the Safety Responsibility Law, at fault uninsured motorists who are in reportable accidents must show they can pay for the damages and injuries they may have caused.

### **What does the Safety Responsibility Law do?**

It takes away the driver license and license plates of uninsured motorists who do not pay for damages or injuries they cause.

### **How does this law work?**

➔ The Department of Transportation (DOT) checks for insurance coverage on all drivers listed on the accident report. If it appears that any of the drivers did not have insurance, DOT contacts other people in the accident. They can file claims for their damages or injuries.

➔ When claims are made, DOT checks to see if the drivers did something wrong to cause the accident.

➔ If the uninsured driver was at fault, all costs of the accident are added up. An estimate of the cost of any legal help for injured persons is included in the total.

➔ The driver and vehicle owner are then told either to deposit the money to cover the cost of the accident, enter into an installment agreement to pay for the damages or injuries, prove that insurance was in force at the time of the accident, or request a hearing if they feel they were not at fault.

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*W. D. A. Handout*

# 1995 SAFETY RESPONSIBILITY PROGRAM RESULTS

NOT INSURED 26,203 (9.7%)

UNKNOWN 36,509 (13.6%)

Vehicles in Reportable Accidents  
269,582\*

INSURED 206,870 (76.7%)

COMPLIED

DAMAGE FORMS TO INJURED PARTIES  
74,977\*\*

NOT RETURNED 48,732 (65%)  
NO SR ACTION

FORM RETURNED 26,245 (35%)

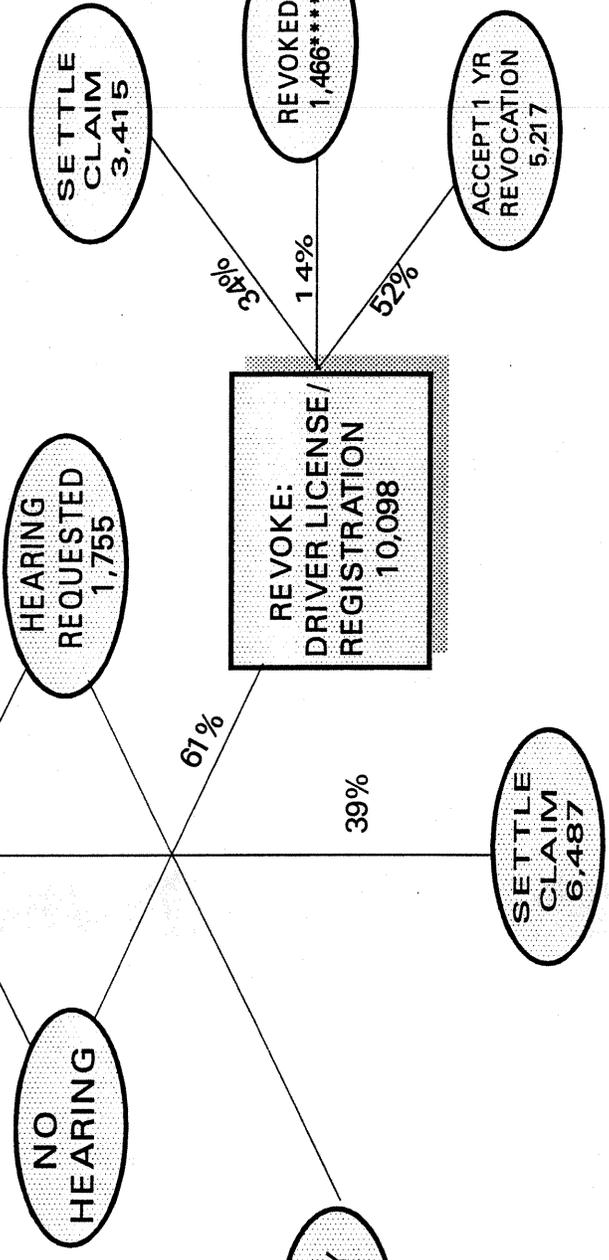
ISSUE NOTICE OF REVOCATION  
16,585\*\*\*

\*\*\* In the approx. 35% of the accidents that the operator & owner are different persons, each receives a revocation notice.

\* Unit/Vehicles where insurance was requested and applicable.

\*\*\*\* Revocation still in effect as of 4/9/97.

\*\* More than one form per accident can be sent.



## SAFETY RESPONSIBILITY PROCEDURES AND 1995 PROGRAM RESULTS

**STEP ONE:** Any time a person is hurt or killed, or someone's property is damaged over \$500 (effective January 1, 1996, this amount was raised to \$1,000), in a motor vehicle accident, it must be reported to the Traffic Accident Section, Division of Motor Vehicles.

In 1995, 269,582 vehicles were involved in reportable accidents and were subject to the provisions of the Safety Responsibility Law.

**STEP TWO:** The Traffic Accident Section checks for insurance coverage for all vehicles listed on the accident report.

206,870 vehicles (76.7%) were insured in 1995, requiring no further action.  
26,203 (9.7%) were not covered by liability insurance.  
36,509 (13.6%) vehicle drivers did not report complete insurance information.

**STEP THREE:** If it appears that any of the vehicles were not covered by insurance, the Traffic Accident Section contacts other parties involved in the accident. They can file claims for their damages and injuries by completing and returning evaluation forms.

74,977 evaluation forms were mailed to injured parties in 1995. (More than one form can be sent per accident, depending on the number of damaged vehicles and persons injured.)  
26,245 (35%) were returned.  
48,732 (65%) were not returned.

**STEP FOUR:** If a review of the accident report indicates the driver of the uninsured vehicle may be at fault, an estimate of all costs and legal fees is made to establish a security deposit amount. A Notice of Revocation is then sent to the uninsured parties describing compliance requirements. The driver and owner can either deposit the required security amount, agree to pay for the damages, or prove that the vehicle was insured.

16,585 Notices of Revocation were sent in 1995 to the drivers and owners of 12,733 vehicles.\*  
6,487 (39%) responded to the Notice by settling the claims prior to revocation.  
479 (2.9%) posted the security deposit.  
1,755 (10.6%) requested a hearing.

**STEP FIVE:** If the uninsured drivers and owners fail to comply, all operating and registration privileges are revoked until the requirements are met or for a period of one year, provided no court action is commenced. Proof of insurance must be filed for three years after the requirements are met prior to reinstatement of privileges.

10,098 drivers and owners failed to comply and had their privileges revoked.  
3,415 settled the claims within the one year period. 5,217 drivers and owners accepted the one year revocation of privileges. As of 4/9/97, 1,466 drivers and owners were currently under revocation.

**Out of 269,582 vehicles involved in reportable accidents in 1995, the drivers and owners of only 3,878 vehicles\* have failed to pay for the damages caused and accepted a one year revocation. The privilege of the drivers and owners of another 1,094 vehicles were still under revocation as of 4/9/97. These motorists may settle the claims before the end of the one year revocation period.**

UMPROGRA.95 - 4/97

\*The drivers and owners are different persons in over one third of the accidents.

*National Association*



*of Independent Insurers*

2600 RIVER ROAD, DES PLAINES, ILLINOIS 60018-3286

708/297-7800 • FAX 708/297-5064

**TESTIMONY OF DONALD CLEASBY  
NATIONAL ASSOCIATION OF INDEPENDENT INSURERS  
BEFORE THE WISCONSIN ASSEMBLY COMMITTEE ON CONSUMER  
AFFAIRS  
IN OPPOSITION TO ASSEMBLY BILL 86  
JULY 31, 1997**

The National Association of Independent Insurers (NAII) is a property and casualty insurance trade association representing over 560 insurance companies nationwide. We have 79 member companies competing for private passenger auto insurance in Wisconsin. These insurers write just over 60% of Wisconsin's total private passenger auto insurance coverage.

As a national trade association, the NAII has witnessed the implementation and enforcement of compulsory auto insurance laws around the country. It hasn't been a pretty picture.

You might be wondering why a trade association representing auto insurers would oppose this bill. Wouldn't car insurers want the state to force people to buy car insurance? We don't. Experience shows time and again that these laws do not work. Instead, they often end up costing insurance companies, their customers and state government money.

Compulsory laws are a little bit like quicksand. Once you get into it, you get stuck. And the more you struggle in it to make things better, the more stuck you get.

Compulsory laws usually start out simple enough, just like AB 86. Instead of requiring proof of financial responsibility after an accident, these laws require that the driver of a car meet FR requirements as a condition of operating a car on the state's roads. But in state after state that has gone this route, the simplicity doesn't last long. You will continue to receive angry phone calls or comments from your constituents about uninsured drivers. Then you probably will think about how your compulsory law needs to be "improved".

The legislature might make insurance companies report all cancellations, nonrenewals, lapses and new business to the motor vehicle department. It might make insurance companies exchange this information among themselves and report discrepancies to the department. Or how about making the insured give his or her insurance company a copy of the motor vehicle registration certificate and then make the insurance company compare this information to its policy files for accuracy? Perhaps the insurance company should be required to send the motor vehicle department information on magnetic tape on its entire book of active business in the state. On the other hand, state X may want insurance companies to issue a 3-1/2 by 3-1/2 insurance card, state Y wants a 3-3/4 by 2-1/2 card and state Z wants an adhesive sticker you can put on your back windshield. Or maybe the state wants different colored ID cards based on the month that the policy lapses. You might make the auto owner surrender his or her vehicle registration and license plates if the auto insurance is canceled or lapsed without being replaced. A failure to do so is a crime. Perhaps you make the department conduct random sample tests every few months so they can verify the insurance information they have on file. Or maybe you prohibit insurance companies from issuing a policy having a term of under six months.

I didn't pull those examples out of the air. They are actual proposals either put into law or considered in states like Florida, Delaware, Louisiana, Arizona and Connecticut. Some of these states' laws are incredibly complex. The compliance guide sent to insurance companies by the Massachusetts Registry of Motor Vehicles is over 106 pages, that of the Florida Department of Highway Safety and Motor Vehicles is over 30 pages long. Louisiana's version is 34 pages. Nevada's is 61 pages.

So far this year, the NAI has tracked 41 legislative bills across the country dealing with uninsured drivers. All but four of these bills were introduced in states that already have compulsory auto insurance laws. Why were these bills needed if compulsory auto insurance is an effective answer to uninsured drivers? This year alone in the midwest, states like Michigan, Minnesota, Missouri, and Illinois considered legislation to toughen up their existing compulsory auto insurance laws.

I asked the NAI's Insurance Research Services Department to provide their best estimate of the uninsured driver population in Wisconsin compared to the other states. They tried to calculate this by comparing the number of bodily injury claims paid in a state (which represents those claims where the person responsible for causing the damage had insurance) to the number of uninsured motorists claims paid in the state during the same time period (which represents the number of claims where the person responsible for causing the damage did not have insurance). The latest data we have is for 1994. Because of lack of data, these figures do not include information for Massachusetts, New York or South Carolina.

The result of the research is an estimated uninsured driver population in Wisconsin of 10.4%, the 34th lowest in the country. Twenty seven of the 41 states with compulsory auto insurance laws for which the NAIH has numbers have higher estimated uninsured driver populations than Wisconsin. If these compulsory auto insurance laws were effective, this would not be the case.

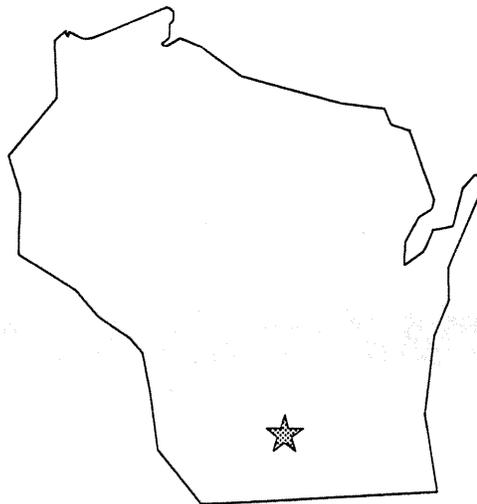
A strong argument can be made that a much better predictor of the number on uninsured motorists on a state's roadways is not whether the state has a compulsory auto insurance law, but instead is the cost of auto insurance in the state. When you compare the NAIH's estimated uninsured motorist numbers to the 1994 average auto premium numbers of the National Association of Insurance Commissioners, you find that six of the ten states having the highest estimated uninsured motorist populations in the U.S. were also in the top twenty states having the highest average auto insurance premium. In contrast, seven of the ten states having the lowest estimated uninsured motorist populations were also in the bottom twenty states in terms of lowest average auto insurance premium. This indicates that rather than focusing on enactment of compulsory auto insurance laws, the Wisconsin Legislature should instead concentrate on avoiding enactment of laws that increase the cost of auto insurance, such as Assembly Bill 416 (restricting use of aftermarket parts in auto repair) which you will consider this morning.

Additionally, compulsory auto insurance laws have not proven effective in reducing uninsured motorist coverage claims. Data available from the NAIH's Insurance Research Services Division show that uninsured/underinsured motorist coverage claims increased in numbers in various states since they enacted compulsory auto insurance laws. For example, these claims increased 43% in Arizona, 62% in Indiana, 33% in New Mexico and 31% in Ohio in the years after each of these states enacted compulsory auto insurance. If compulsory auto insurance is so effective in reducing uninsured drivers, why would auto insurers see more uninsured motorist claims after the laws are enacted?

Maybe because of questionable effectiveness, both the National Committee on Uniform Traffic Laws, which develops the Uniform Vehicle Code, and the American Association of Motor Vehicle Administrators, the association of state officials that enforce the codes, have expressed interest in moving away from strict compulsory insurance laws and towards reinvigorating enforcement of the financial responsibility laws.

Given all of this, it's hard to see how programs which have not worked in other states will make any improvements here in Wisconsin. The experience in these other states and the lower numbers of uninsured drivers in Wisconsin bring into question the effectiveness of and need for AB 86.

**PRIVATE PASSENGER AUTOMOBILE INSURANCE  
THE EFFECTS OF COMPULSORY LIABILITY  
INSURANCE LAWS  
WISCONSIN VS. OTHER STATES**



*National Association of Independent Insurers*

*July, 1997*

# PRIVATE PASSENGER AUTOMOBILE INSURANCE: THE EFFECTS OF COMPULSORY LIABILITY INSURANCE LAWS WISCONSIN VS. OTHER STATES

## INTRODUCTION

The National Association of Independent Insurers is a property/casualty trade association representing more than 560 companies. Of this group, 79 member insurance companies write almost 60% of the personal automobile business in Wisconsin. In light of the on-going discussions of whether or not a compulsory liability insurance law should be enacted in Wisconsin, NAII has attempted to explore the effectiveness of these types of laws and to determine how this state fares with other jurisdictions that currently have such a law.

In this analysis, uninsured motorist coverage experience for states having compulsory liability insurance laws was evaluated to determine the effectiveness of these requirements. States with mandatory insurance were compared to Wisconsin in an effort to assess whether policyholders would benefit from having such a law enacted here. The tables in the five sections of this document are presented to offer statistical evidence that compulsory liability insurance laws are not effective in reducing the uninsured motorist problem and automobile insurance losses and, hence, insurance premiums. It is not clear what benefits are derived from the enactment of such a law.

The first section is a comparison of the average premium between Wisconsin and five nearby states and the United States as a whole. Liability premium levels and state ranks are shown indicating that the Badger State has relatively little, if any, affordability problem with respect to personal auto insurance coverage. This is followed by a discussion of estimated uninsured motorist populations by state. As indicated, Wisconsin also does not have a severe uninsured motorist problem.

The next two sections of this document (Parts III. and IV.) demonstrate that a compulsory liability insurance law does not cure any problems relating to uninsured motorists; in other words, the penetration of uninsured drivers and loss experience continue to deteriorate even after such a law goes into effect. The last section (Part V.) compares compulsory states with Wisconsin, demonstrating that the Badger State's loss cost and claim frequency experience is considerably favorable relative to that of jurisdictions having compulsory laws. Hence, it is believed that the detrimental effects of mandatory requirement greatly outweigh whatever advantages may exist.

*Key findings of the analysis include:*

- ◆ Wisconsin's liability average premium is lower than most of its neighboring states that have a compulsory law. Compared to other states, residents of the Badger State do not have an insurance affordability problem, as their premiums are one of the lowest in the country.

- ◆ Wisconsin has an estimated uninsured motorist population that is smaller than most of its nearby states, as well as the nation as a whole. In particular, compared to all states without mandatory insurance, Wisconsin has the least problematic uninsured driver scenario.
- ◆ In spite of the enactment of a compulsory liability law, claim frequencies and loss costs involving uninsured drivers continue to rise in those states requiring insurance. The uninsured motorist experience appears to deteriorate after the law has gone into effect.

### **I. WISCONSIN HAS A LOW AVERAGE LIABILITY PREMIUM COMPARED TO SURROUNDING COMPULSORY STATES**

This section compares average liability premiums between Wisconsin and several nearby states having compulsory laws. Among *all* jurisdictions in the country, Wisconsin ranks 14th lowest in average liability premium for 1995. It is lower than all five of its nearby states with compulsory liability laws, as shown in Table I.

Compared to the national average liability premium, Wisconsin is 29% lower. This lesser magnitude indicates very little, if any, affordability problem in the Badger State relative to other jurisdictions. As supported by conclusions presented in the following sections, it is quite possible that if Wisconsin were to enact a compulsory liability law, its uninsured motorist coverage losses would increase, hence increasing the premiums paid by policyholders.

**Table I**  
**Wisconsin vs. Nearby Compulsory States**  
**1995 Liability Average Premium**

	<u>Avg. Liab. Premium</u>	<u>Rank</u>
<b>Wisconsin</b>	<b>\$301.57</b>	<b>#38</b>
Illinois	336.27	30
Indiana	337.47	33
Michigan	343.22	32
Minnesota	427.78	20
Ohio	327.95	34
United States	\$425.89	---

Source: National Association of Insurance Commissioners

### **II. WISCONSIN HAS A RELATIVELY LOW U.M. POPULATION**

Table II sets forth individual state ratios of uninsured motorist (U.M.) claim frequency to bodily injury liability (B.I.) claim frequency for 1993. These ratios are used as a proxy for the number of injury accidents caused by uninsured drivers and, hence, the extent of the uninsured motorist

problem. New York, Massachusetts, and South Carolina are not listed in this table because NAI does not collect statistics for the last two states and NAI U.M. data for New York is not readily accessible.

Of the 48 jurisdictions shown below in 1993, Wisconsin ranks 15th lowest in terms of the severity of uninsured drivers, with a U.M.-to-B.I. frequency ratio of 10.0. In other words, there are 33 states, including the District of Columbia, whose estimated uninsured motorist problem is worse than Wisconsin (i.e., has a ratio greater than 10.0). Among these 33 states, 28 had a compulsory liability insurance law in 1993, suggesting that mandatory insurance is not effective in reducing the proportion of uninsured motorists. Moreover, Wisconsin's estimated uninsured motorist population (10% of the state's driving population) is much smaller than the nation as a whole (about 16%). Compared with all states without a compulsory liability law, Wisconsin has the least serious U.M. problem.

As shown in Table II below, the vast majority of drivers living in Wisconsin already have liability insurance. Hence, there is no need to enact mandatory insurance in this state.

**Table II**  
**Estimated Uninsured Motorist Population - 1993**  
**and State Ranking**

<u>Rank</u>	<u>State</u>	<u>UM-to-BI</u> <u>Claim Freq.</u>	<u>Rank</u>	<u>State</u>	<u>UM-to-BI</u> <u>Claim Freq.</u>
7	Alabama	29.9%	28	Missouri	12.3%
4	Alaska	30.9	42	Montana	8.6
20	Arizona	15.4	43	Nebraska	8.1
40	Arkansas	9.3	22	Nevada	14.4
5	California	30.4	30	New Hampshire	11.0
1	Colorado	39.2	27	New Jersey	12.8
31	Connecticut	10.9	6	New Mexico	30.2
11	Delaware	20.4	47	North Carolina	5.2
8	Dist. of Col.	23.3	45	North Dakota	6.3
14	Florida	18.9	21	Ohio	14.9
16	Georgia	17.1	13	Oklahoma	19.7
34	Hawaii	10.0	18	Oregon	16.0
39	Idaho	9.4	38	Pennsylvania	9.5
26	Illinois	13.1	2	Rhode Island	38.1
22	Indiana	14.4	46	South Dakota	5.7

**Table II**  
**Estimated Uninsured Motorist Population - 1993**  
**and State Ranking**  
 (cont'd.)

<u>Rank</u>	<u>State</u>	<u>UM-to-BI Claim Freq.</u>	<u>Rank</u>	<u>State</u>	<u>UM-to-BI Claim Freq.</u>
31	Iowa	10.9%	9	Tennessee	22.5%
43	Kansas	8.1	10	Texas	20.6
25	Kentucky	13.5	37	Utah	9.6
33	Louisiana	10.1	19	Vermont	15.9
48	Maine	3.8	15	Virginia	17.5
24	Maryland	13.9	12	Washington	20.1
29	Michigan	11.7	34	West Virginia	10.0
17	Minnesota	16.2	34	Wisconsin	10.0%
3	Mississippi	36.6	41	Wyoming	8.8
				Countrywide	15.8%

Source: NAI

### III. UNINSURED MOTORIST LOSS EXPERIENCE DOES NOT IMPROVE WHEN COMPULSORY LAWS TAKE EFFECT

Proponents of a compulsory liability law believe that uninsured motorist costs will be reduced if such a law is enacted. This is not the case. On the contrary, statistics indicate that loss costs (incurred losses per insured vehicle) for this coverage tend to rise after a compulsory law has gone into effect. Shown below in Table III is loss cost data for six states that had mandatory requirements enacted in the early or mid-1980's. This six-year period was selected because of the easy access of data collected and compiled by NAI, and because many states' compulsory liability laws went into effect then. The line drawn between the loss costs indicates the date when each state's compulsory law became effective; this shows a comparison of loss costs before and after enactment of the law.

**Table III  
UNINSURED MOTORIST LOSS COST EXPERIENCE**

	Alaska ( <u>eff. 1/1/85</u> )	Arizona ( <u>eff. 12/31/82</u> )	California ( <u>eff. 1/1/85</u> )
1981		\$12.07	
1982		<u>13.87</u>	
1983	\$13.62	16.07	\$14.17
1984	<u>15.50</u>	22.71	<u>16.82</u>
1985	17.66	25.27	20.12
1986	17.51		20.61
	Indiana ( <u>eff. 1/1/83</u> )	New Mexico ( <u>eff. 1/1/84</u> )	Oklahoma ( <u>eff. 7/1/83</u> )
1981	\$3.96		
1982	<u>4.41</u>	\$11.07	\$11.99
1983	3.96	<u>11.09</u>	<u>16.75</u>
1984	3.78	13.91	17.83
1985	5.74	19.37	24.74
1986		24.02	25.10

Source: NAI

The above loss costs reflect both uninsured (U.M.) and underinsured (U.I.M.) coverages. In every case but Indiana, loss costs have continued to climb steadily, even after the enactment of compulsory insurance. Although Indiana's loss experience dropped slightly after mandatory insurance went into effect, it increased again several years later. These trends in data suggest that the uninsured motorist experience in Wisconsin would continue to rise, even if liability insurance were required in this state. That is, a compulsory insurance law is not the solution.

#### **IV. UNINSURED MOTORIST CLAIM FREQUENCIES CONTINUE TO RISE IN SPITE OF COMPULSORY LAWS**

A more in-depth look at uninsured motorist experience is demonstrated in Table IV. Shown here are trends in U.M./U.I.M. claim frequency of all states whose compulsory laws became effective sometime between 1983 and 1985. This period was chosen because of the ready availability of trend data from 1983 to 1987. The purpose of this table is to show that despite the enactment of a mandatory law, claim frequencies involving uninsured motorists still continue to rise for the most part. Even though some states had effective dates in 1985, experience for 1983 and 1984 is indicated as well, offering a bit more insight into the frequency pattern. Also, note that the number of claim counts in all years except for 1987 are evaluated as of 27 months. Data for 1987

is evaluated as of 15 months only; hence, the claim frequency figures shown for this year most likely are understated.

Alaska, Nebraska, Vermont and Wyoming all had mandatory laws enacted in 1985. Experience shown below indicates that Alaska's and Vermont's rate of uninsured motorist claims grew almost three times and fifteen times, respectively, from 1984 to 1987. Wyoming's frequency increased slightly in 1985; and Nebraska's rate dropped when its law passed, although it has remained constant during the three years subsequent to enactment (again, however, the 1987 figure is understated). Respective claim frequencies for Arizona, Indiana, New Mexico and Ohio have increased 43%, 62%, 33% and 31% from the year their compulsory laws became effective until 1987. D.C.'s frequency has been fluctuating since 1983, but the number of U.M./U.I.M. claims incurred per 10,000 vehicles has grown 62% from 1983 to 1987.

For the most part, U.M./U.I.M. claim frequencies are continuing to rise after a compulsory law has been enacted. In spite of the new law, policyholders are still reporting claims involving drivers without insurance. In fact, even more claims are being filed after the law went into effect. This finding adds further evidence to the ineffectiveness of mandatory insurance requirement.

**Table IV**  
**Trends in U.M./U.I.M. Claim Frequency**  
**(Per 10,000 Insured Vehicles)**  
**1983-1987**

U.M./U.I.M. Claim Freq. Per 10,000 Insured Vehicles

	Comp. Law Eff. Date	1983	1984	1985	1986	1987*
Alaska	1/85	22	16	31	38	45
Arizona	12/82	23	25	29	31	33
D.C.	4/83	66	131	95	89	107
Indiana	1/83	26	26	37	48	42
Nebraska	1985	9	7	5	5	5
New Mexico	1/84	46	48	51	60	64
Ohio	1/84	14	13	15	16	17
Vermont	1985	4	6	24	92	88
Wyoming	1985	4	5	6	6	5

\* Data for 1987 is evaluated as of 15 months only, whereas data for all previous years is evaluated as of 27 months. Hence, claim frequency figures for 1987 are most likely understated.

Source: NAI

**V. UNINSURED MOTORIST LOSS COST AND CLAIM FREQUENCY EXPERIENCE  
IN MANY COMPULSORY STATES IS WORSE THAN WISCONSIN**

Presented in Table Va are trends in U.M. loss costs for bodily injuries from 1991 to 1994, comparing Wisconsin to a dozen states having a mandatory requirement. In this table, both no-fault and tort states are included as comparison states.

The loss cost is the average incurred loss per insured vehicle. Wisconsin's uninsured/underinsured motorist loss cost is substantially lower than most of the compulsory states listed below, and similar only to Georgia. Once again, it demonstrates that the enactment of a compulsory liability insurance law continues to keep U.M. losses relatively high. The figures presented in this table indicate that mandatory requirements do not reduce loss experience. Rather, U.M. loss costs continue to rise and to be high in states having such a law.

**Table Va**  
**Wisconsin vs. Compulsory States**  
**U.M.(Bodily Injury) Loss Cost Experience**  
**1991-1994**

	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>
<b>Wisconsin</b>	<b>\$13.56</b>	<b>\$14.82</b>	<b>\$ 14.40</b>	<b>\$12.67</b>
Arizona	\$31.51	\$24.29	\$23.90	\$23.11
California	55.14	48.81	53.03	57.94
Connecticut	38.39	46.15	42.75	29.10
Delaware	20.26	24.41	22.40	17.56
Dist. of Col.	47.67	45.05	56.40	51.36
Georgia	12.69	13.38	14.48	13.27
Louisiana	28.57	35.77	23.34	19.87
Nevada	32.11	34.91	31.80	27.96
New Mexico	28.63	37.93	32.63	28.68
Oklahoma	26.34	25.02	24.66	24.68
Texas	40.10	43.64	40.08	32.44
Washington	18.52	25.77	21.05	20.10

Source: NAIH

To further corroborate the above data, Wisconsin's uninsured motorist claim frequency experience for bodily injuries is also relatively favorable compared to compulsory states. Listed below in Table Vb is the average of the three-year (1992-94) U.M.B.I. claim frequency for Wisconsin, compared to the same twelve states having a mandatory insurance requirement.

**Table Vb**  
**Wisconsin vs. Compulsory States**  
**U.M. (Bodily Injury) Claim Frequency Experience**  
**1992-1994**

	<u>No. of Claims Incurred</u> <u>Per 10,000 Ins. Vehicles</u>
<b>Wisconsin</b>	<b>13</b>
Arizona	32
California	72
Connecticut	21
Delaware	28
District of Columbia	57
Georgia	30
Louisiana	32
Nevada	36
New Mexico	50
Oklahoma	31
Texas	39
Washington	35

Source: NAI

The figures comparing the twelve states to Wisconsin in Table Vb demonstrate that, even with a compulsory liability law, the rate at which U.M.B.I. claims are incurred is still significantly higher than in a state without such a law. In spite of the enactment of such a law in these jurisdictions, insureds are still filing U.M. claims for bodily injuries because they were involved in an accident caused by someone who did not have liability insurance. This suggests that a compulsory law is not as effective as it is intended to be.

### **CONCLUSION**

Statistics presented in the tables in this document show that mandatory insurance requirements have not been successful in holding down U.M. claim frequency and loss cost levels. The loss experience continues to rise, hence, influencing the level of liability premiums as well. Wisconsin generally has little insurance affordability problem relative to other states; its average liability premium is the 14th lowest in the nation.

Increasing loss costs in states having compulsory laws suggest that the average amount of loss per insured vehicle has risen as a result of the inclusion of those motorists who did not carry automobile liability insurance prior to the adoption of this law. One reason for such an increase

may be due to the fact that a compulsory insurance law, if successful, would require *every* motorist, including the highest-risk drivers, to be insured. Moreover, claim frequencies continue to rise in states with mandatory laws, suggesting that uninsured motorists are still out on the roads and are causing auto accidents. These rising claim frequencies and loss costs will cause the overall liability premium to rise as well.

In conclusion, compulsory liability insurance laws are not effective in reducing the uninsured motorist problem and automobile insurance losses and, hence, insurance premiums. It is not clear what benefits are derived from the enactment of such a law.



STATE BAR  
OF WISCONSIN

402 W. Wilson Street  
P.O. Box 7158  
Madison, WI 53707-7158

**To:** Representative Cliff Otte, Chairman  
Assembly Committee on Consumer Affairs

**From:** State Bar of Wisconsin's *Litigation Law Section*

**Date:** July 31, 1997

**Re:** **Assembly Bill 86**, relating to assuring financial responsibility for  
the operation of motor vehicles.

---

**The *Litigation Law Section* of the State Bar of Wisconsin supports Assembly Bill 86 to ensure that individuals who operate motor vehicles on our roads and highways are financially responsible for damages they may cause.**

Assembly Bill 86 provides added protection to persons injured from a motor vehicle by requiring that all motorists in Wisconsin have minimum liability insurance in the amount of \$25,000 per person, \$50,000 per accident and \$10,000 property damage. AB 86 is a good step towards reducing the hundreds of thousands of motorists in Wisconsin who irresponsibly drive without insurance.

While considering this legislation, the Litigation Law Section strongly urges committee members to also address current law's low minimum liability limits (25/50/10) maintained in AB 86. The Section feels that the liability limits, which have not been raised for **25 years**, do not provide adequate protection for parties injured by a person having minimum liability insurance limits. The outdated limits have not kept pace with the dramatic increase in medical expenses over the last quarter century. This has greatly reduced the protection of a 25/50/10 policy.

By requiring all motorists in our state to carry liability insurance adequate enough to cover today's medical costs, Wisconsin can truly address the growing problem of uninsured drivers on our roads and highways.

Thank you for your consideration. If you have any questions or comments, feel free to call Matt Bromley, Government Relations Coordinator, at 250-6128.





July 31, 1997

## Sentry® Insurance

1800 North Point Drive  
Stevens Point, Wisconsin 54481  
(715)346-7168

### MEMO

**TO:** Representative Clifford Otte, Chair  
Members, Assembly Consumer Affairs Committee

**FROM:** Lee Fanshaw, Government Relations Manager

**RE:** Assembly Bill 86, Compulsory Auto Insurance

Sentry Insurance is a multi-line insurer headquartered in Stevens Point, Wisconsin. We are licensed to do business in all 50 states, and currently write personal and commercial auto insurance in 35 states. Just over one-half of our 4100 employees are based in Wisconsin.

**We ask that you oppose AB 86.** While we agree with the bill's basic premise that all drivers should be responsible and purchase automobile insurance, the unfortunate reality is that state compulsory insurance laws are seldom able to accomplish that goal.

At a time when all levels of government are re-examining their role in society and attempting to become more efficient, please ask yourselves, "What do we hope to accomplish and at what price?"

If the goal is to reduce the number of uninsured drivers on the road, statistics indicate that our current financial responsibility laws are working quite well. The Department of Transportation estimates that 9% of Wisconsin drivers do not have auto insurance. Colorado, which currently has a compulsory insurance law, estimates that 30% of its drivers remain uninsured.

If the goal is to somehow improve efficiency in the system, our experience with compulsory laws in other states indicates that just the opposite may be true. We find that many law-abiding citizens are unintentionally caught up in the enforcement and verification system created by the state to catch the habitually uninsured driver. Our compliance staff spends a great deal of time helping our customers in these states sort out problems with law enforcement that often involve misplaced proofs of insurance or short, inadvertent lapses in coverage. These situations result in additional costs for all involved, including the taxpayer. These often unanticipated costs should be weighed against the anticipated benefit of this law.

**Assembly Consumer Affairs Committee  
Sentry Insurance Testimony on Assembly Bill 86  
July 31, 1997**

Finally, if the goal is to reduce the cost of auto insurance, we have found that is not the case in states that have compulsory insurance laws. Because it is impossible to completely eliminate the uninsured driver from the road, law-abiding drivers will still need to protect themselves and their families by carrying Uninsured Motorist coverage. Also, since most of the individuals who will purchase insurance as a result of the new law will carry only minimum-limits coverage, the rest of us will still need to carry Underinsured Motorist coverage as well.

I hope this information is helpful to you as you deliberate on this matter. Please let me know if you would like anything further from Sentry.

# WISCONSIN INSURANCE ALLIANCE

44 EAST MIFFLIN STREET • SUITE 205  
MADISON, WISCONSIN 53703-2800  
(608) 255-1749  
FAX (608) 255-2178

## Memorandum

Eric Englund  
President

Bill O'Reilly  
Chairperson  
Sentry Insurance

Jack Bast  
Vice-Chairperson  
Badger Mutual Insurance

Mark Afable  
Secretary/Treasurer  
American Family Insurance

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Milwaukee Guardian  
Milwaukee Insurance  
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Old Republic Surety Company  
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Rural Mutual Insurance Company  
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Sheboygan Falls Insurance  
Society Insurance  
United Wisconsin Insurance  
Viking Insurance Company  
Waukesha Co. Mutual Insurance  
Wausau Insurance Companies  
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Wisconsin Mutual Insurance

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Fremont Compensation Insurance  
Liberty Mutual  
State Auto Ins. Cos.  
State Farm Insurance  
USF&G Insurance

**TO: Assembly Committee on Consumer Affairs**

**DATE: July 28, 1997**

**FROM: Eric Englund**

**RE: AB 86 - Compulsory Auto Insurance**

---

We solicit your vote **in opposition** to this bill.

Among life's most unpleasant experiences is being injured or having your property damaged in an automobile accident.

One of the few things worse than that is having the injury or damage caused by an uninsured driver. Two things result for the victim:

- (1) Your life, limb and/or pocketbook are affected and,
- (2) You are rightfully angered that the offender is not paying for their financial responsibility or being punished sufficiently.

Many well-intentioned people feel that compulsory auto liability insurance is the answer. More thorough consideration indicates that such insurance is not the answer. Why?

- (1) **IT DOESN'T COMPEL** - offenders can drive without insurance like they drive without licenses now.
- (2) **IT'S VERY COSTLY** - to enforce, as the Wisconsin Department of Transportation will document. The experience in other states, such as New York, Massachusetts, and Kansas supports the substantial expense involved in enforcement.
- (3) **IT'S UNENFORCEABLE** - from the experience of New York, New Jersey and Idaho.

(4) **IT DOESN'T WORK** - anyone is free to cancel the day after licensing and to renew the policy the day before and avoid the law while driving all year without insurance.

(5) **IT DOESN'T PROTECT** - against hit and run, and stolen cars.

What then is the better answer to the two bad results posed above?

(1) The injury expenses for you and all members of your family are now covered by the statutorily required coverage for uninsured motorists. It is inexpensive and can be purchased to the limits you choose to protect yourself and your family. Your auto damage is better protected by collision insurance if the car is of value to you, than any reliance on the other person's insurance, compulsory or voluntary.

(2) Your rightful anger at the offender is better answered by:

- (A) Strengthening present traffic laws
- (B) The present revocation of license law
- (C) Wisconsin's impoundment law which gets the irresponsible person away from their car
- (D) Wisconsin's financial responsibility laws

Compulsory auto insurance does not compel, is too expensive, results in an administrative quagmire at taxpayer expense and is unnecessary because better alternatives which it cannot and will not replace, are now available and working. These points are all confirmed in the 3/10/81 Legislative Audit Bureau report which rejects compulsory auto insurance.

For the reasons stated above, we urge this committee to withhold its approval of this bill.

**There is a viable option.** It was passed by the Legislature in 1992.

For years, Wisconsin laws have required financial responsibility on the part of all drivers. Under this law, a person responsible for an accident must be financially responsible for the damages caused by that accident or lose their license/automobile registration. To date, this law has worked quite well. In 1995 there were over 269,000 vehicles involved in reportable accidents according to the Wisconsin Department of Transportation. Of those vehicles, less than 6,000 drivers had their license suspended for a year for failure to show financial responsibility. In other words, less than 3% of those involved in accidents received the mandatory one year suspension.

In the past, the Department of Transportation has indicated that many drivers who were involved in uninsured motorist accidents were repeat offenders. According to this profile, individuals who were involved in uninsured motorist accidents are most likely to be repeat offenders.

In 1992 the Wisconsin Legislature acted in response to this problem. Legislation was passed that strengthened Wisconsin's financial responsibility laws. These new laws

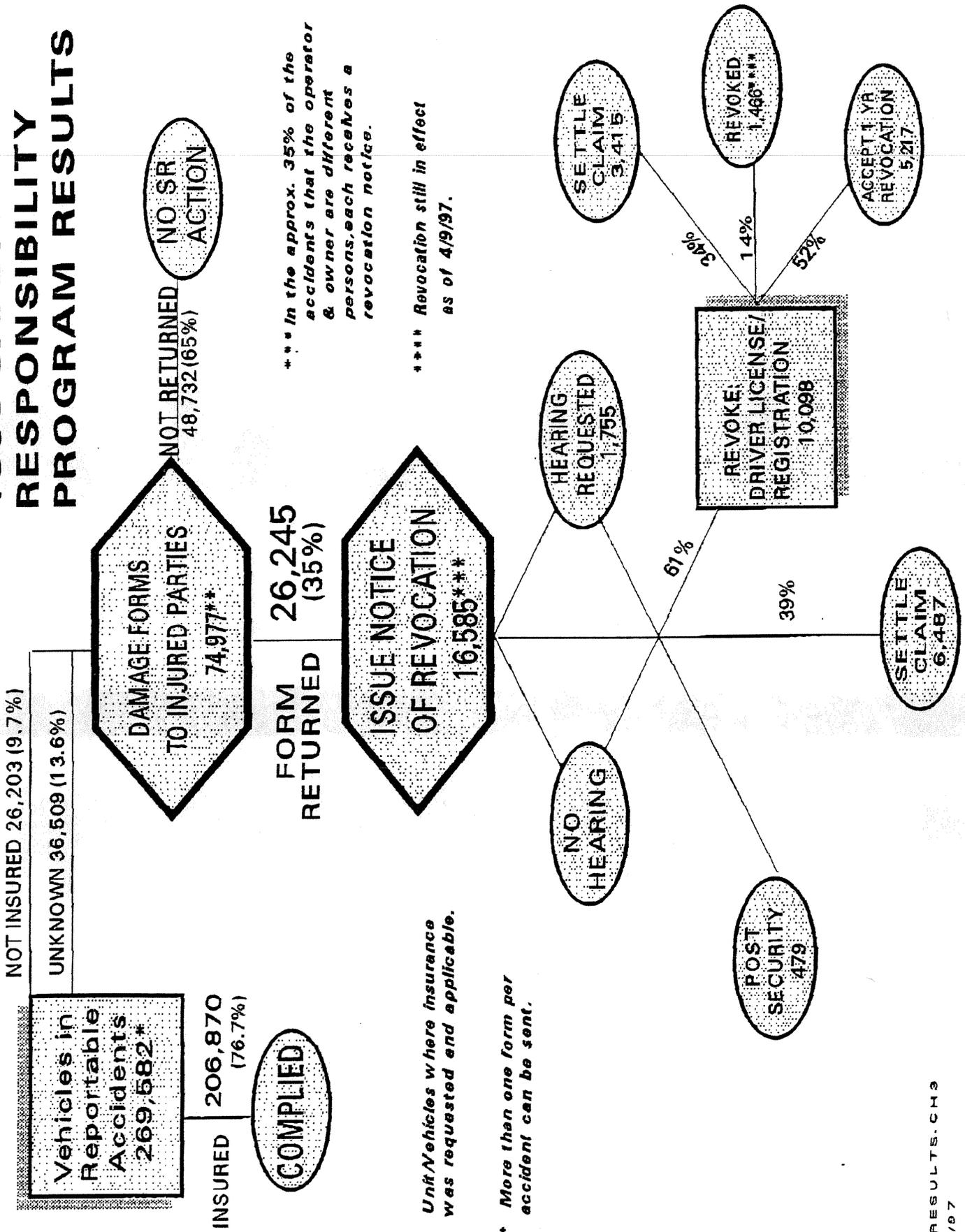
provided that those individuals who cause accidents and do not show financial responsibility should not only lose their license for one year, but be forced to maintain insurance for three years following the time their license is reinstated.

This new law became effective 1/1/93 and puts Wisconsin in the position of having one of the strongest financial responsibility laws in the United States. We are optimistic that the implementation of this new law will work in further decreasing the incidents of uninsured motorists not being financially responsible.

We ask that you not support AB 86. Allow Wisconsin's new tougher financial responsibility laws to work.

- Enclosures:
- (1) DOT 1995 data
  - (2) Financial responsibility law changes effective 1/1/93
  - (3) Data comparisons between Wisconsin and states that have compulsory insurance laws
  - (4) 1995 average auto premium by state

# 1995 SAFETY RESPONSIBILITY PROGRAM RESULTS



\*\*\* In the approx. 35% of the accidents that the operator & owner are different persons, each receives a revocation notice.

\*\*\*\* Revocation still in effect as of 4/9/97.

\* Unit/Vehicles where insurance was requested and applicable.

\*\* More than one form per accident can be sent.

## AND 1995 PROGRAM RESULTS

**STEP ONE:** Any time a person is hurt or killed, or someone's property is damaged over \$500 (effective January 1, 1996, this amount was raised to \$1,000), in a motor vehicle accident, it must be reported to the Traffic Accident Section, Division of Motor Vehicles.

In 1995, 269,582 vehicles were involved in reportable accidents and were subject to the provisions of the Safety Responsibility Law.

**STEP TWO:** The Traffic Accident Section checks for insurance coverage for all vehicles listed on the accident report.

206,870 vehicles (76.7%) were insured in 1995 requiring no further action.  
26,203 (9.7%) were not covered by liability insurance.  
36,509 (13.6%) vehicle drivers did not report complete insurance information.

**STEP THREE:** If it appears that any of the vehicles were not covered by insurance, the Traffic Accident Section contacts other parties involved in the accident. They can file claims for their damages and injuries by completing and returning evaluation forms.

74,977 evaluation forms were mailed to injured parties in 1995. (More than one form can be sent per accident, depending on the number of damaged vehicles and persons injured.)  
26,245 (35%) were returned.  
48,732 (65%) were not returned.

**STEP FOUR:** If a review of the accident report indicates the driver of the uninsured vehicle may be at fault, an estimate of all costs and legal fees is made to establish a security deposit amount. A Notice of Revocation is then sent to the uninsured parties describing compliance requirements. The driver and owner can either deposit the required security amount, agree to pay for the damages, or prove that the vehicle was insured.

16,585 Notices of Revocation were sent in 1995 to the drivers and owners of 12,733 vehicles.  
6,487 (39%) responded to the Notice by settling the claims prior to revocation.  
479 (2.9%) posted the security deposit.  
1,755 (10.6%) requested a hearing.

**STEP FIVE:** If the uninsured drivers and owners fail to comply, all operating and registration privileges are revoked until the requirements are met or for a period of one year, provided no court action is commenced. Proof of insurance must be filed for three years after the requirements are met prior to reinstatement of privileges.

10,098 drivers and owners failed to comply and had their privileges revoked.  
3,415 settled the claims within the one year period. 5,217 drivers and owners accepted the one year revocation of privileges. As of 4/9/97, 1,466 drivers and owners were currently under revocation.

Out of 269,582 vehicles involved in reportable accidents in 1995, the drivers and owners of only 3,878 vehicles\* have failed to pay for the damages caused and accepted a one year revocation. The privilege of the drivers and owners of another 1,094 vehicles were still under revocation as of 4/9/97. These motorists may settle the claims before the end of the one year revocation period.

UMPROGRA.95 - 4/97

\*The drivers and owners are different persons in over one third of the accidents.

**FINANCIAL RESPONSIBILITY LAW CHANGES  
 Mandated Under WI ACT 269, Laws of 1991**

	Accidents Before January 1, 1993	Accidents After January 1, 1993
Failure to comply with the Safety Responsibility (SR) requirements.	SUSPENSION of operating and/or registration privileges.	REVOCA <b>TION</b> of operating and/or registration privileges.
Default in payments on installment agreement filed under the SR law.	SUSPENSION of operating and/or registration privileges.	REVOCA <b>TION</b> of operating and/or registration privileges.
Can Occupational license be issued?	NO.	YES, CDL privileges ONLY (ABC) for SR and DJN revocations.
Requirements to reinstate operating privileges under the SR law.	*Comply with the SR security requirements. - Pay \$50 reinstatement fee.	*Comply with SR security requirements. - File future proof of insurance for 3 years from SR compliance date. - Pay \$50 reinstatement fee.
Requirements to reinstate registration privileges under the SR law.	*Comply with SR security requirements.	*Comply with SR security requirements. - File future proof of insurance for 3 years from SR compliance date. - Pay \$50 registration reinstatement fee.
Requirements to reinstate registration privileges revoked for a damage judgement (DJN)	- Satisfy the judgment or file installment agreement.	- Satisfy the judgment or file installment agreement. - Pay \$50 registration reinstatement fee.

\* SR security requirements -  
 Deposit security, file releases or installment agreements, OR  
 serve one year withdrawal period. (See Sec. 520.4 DLM)

MEMORANDUM

February 2, 1993

To: Don Cleasby

From: Diana Lee

Re: Wisconsin vs. Other States: The Effects of  
Compulsory Insurance Laws

---

Don, the tables in the following five sections are presented to offer statistical evidence that compulsory laws are not effective in reducing the uninsured motorist problem, automobile insurance losses and premiums. It is not clear what benefits are derived from the enactment of such a law. Because Wisconsin does not have a severe U.M. problem, it is believed that the detrimental effects of mandatory requirement greatly outweigh whatever advantages may exist.

I. WISCONSIN HAS A RELATIVELY LOW U.M. POPULATION; IN FACT, IT IS MORE FAVORABLE THAN MOST COMPULSORY STATES

Table I sets forth individual state ratios of U.M. claim frequency to B.I. claim frequency, reflecting the period 1988-1990 combined. This time period represents the latest available experience from NAIH. These ratios provide a good indication of the percentage of accidents involving uninsured motorists and may, therefore, be used as a proxy to measure the extent of the uninsured motorist problem. New York, Massachusetts and South Carolina are not listed because NAIH does not collect statistics for the last two states and NAIH data for New York is not readily accessible.

Among the forty-eight jurisdictions shown below, Wisconsin ranks #33, with a UM-to-BI frequency ratio of 10.5%. In other words, there are 32 states, including D.C., whose uninsured motorist population is greater than Wisconsin; among this group, 29 of them have a compulsory law, suggesting that this type of law is not effective in reducing the number of uninsured motorists. Moreover, Wisconsin's U.M. population (about 10% of the driving population) is much lower than the nation as a whole (about 18%). The vast majority of people living in this state already have liability insurance. Hence, there is no urgent need to enact a compulsory liability insurance law in Wisconsin, especially in light of the fact that this type of law results in more negative than positive effects.

Table I

<u>Rank</u>	<u>State</u>	<u>'88-'90 Ratio of UM-to-BI Claim Frequency</u>	<u>Rank</u>	<u>State</u>	<u>'88-'90 Ratio of UM-to-BI Claim Frequency</u>
4	Alabama	26.3%	30	Missouri	11.7
9	Alaska	22.7	36	Montana	8.9
21	Arizona	15.3	44	Nebraska	5.8
45	Arkansas	5.7	18	Nevada	15.9
24	California	14.6	42	New Hampshire	7.8
1	Colorado	41.8	40	New Jersey	8.1
31	Connecticut	11.0	3	New Mexico	28.4
11	Dist. of Col.	21.2	47	North Carolina	5.1
15	Delaware	17.3	39	North Dakota	8.2
43	Florida	6.1	26	Ohio	13.5
6	Georgia	24.0	7	Oklahoma	23.9
22	Hawaii	14.9	16	Oregon	16.5
35	Idaho	9.6	19	Pennsylvania	15.6
23	Illinois	14.7	10	Rhode Island	22.6
14	Indiana	19.8	48	South Dakota	4.9
37	Iowa	8.7	8	Tennessee	23.8
38	Kansas	8.3	13	Texas	19.9
28	Kentucky	12.9	34	Utah	10.4
32	Louisiana	10.8	17	Vermont	16.2
46	Maine	5.4	12	Virginia	20.7
27	Maryland	13.3	5	Washington	24.3
25	Michigan	14.0	41	West Virginia	8.0
20	Minnesota	15.4	33	Wisconsin	10.5
2	Mississippi	34.3	29	Wyoming	11.8
				Countrywide	18.1%

Source: NAIH

## II. U.M. LOSS EXPERIENCE IS WORSE IN COMPULSORY STATES THAN IN WISCONSIN

In addition to the above data, the statistics collected by NAIH show that Wisconsin's uninsured motorist experience is relatively favorable compared to compulsory states. Listed below in Table II is the average 1990 U.M. claim frequency for Wisconsin, compared to a selection of compulsory insurance states with a tort system.

Table II  
Wisconsin vs. Compulsory States  
1990 U.M. Claim Frequency Experience

	<u>No. of Claims Incurred</u> <u>Per 10,000 Ins. Vehicles</u>
Wisconsin	14
Arizona	31
California	68
Illinois	29
Louisiana	22
Missouri	17
Ohio	17

Source: NAIH

The six states compared to Wisconsin all have compulsory laws, yet their U.M. claim frequencies are higher than Wisconsin. In spite of the enactment of such a law in these jurisdictions, insureds are still filing U.M. claims because they were involved in an accident caused by someone who did not have liability insurance. This suggests that a compulsory law is not as effective as it is intended to be. Corroborating the results of Table I, Wisconsin's relatively low frequency also demonstrates that its uninsured motorist problem is not that severe, since 14 claims, out of 10,000 insured vehicles, were incurred in 1990. Certainly, it is less of a problem than in the six compulsory states in Table II.

III. U.M. CLAIM FREQUENCIES CONTINUE TO RISE IN SPITE OF COMPULSORY LAWS

A more in-depth look at U.M. experience is demonstrated in Table III. Shown here are trends in U.M. claim frequency of all states whose compulsory laws became effective sometime between 1983 and 1985. This period was chosen because of the ready availability of trend data from 1983 to 1987. The purpose of this table is to show that despite the enactment of a mandatory law, claim frequencies involving uninsured motorists still continue to rise for the most part. Even though some states had effective dates in 1985, experience for 1983 and 1984 are indicated, offering a bit more insight into the frequency pattern. Also, note that the number of claim counts in all years except for 1987 are evaluated as of 27 months. Data for 1987 is evaluated as of 15 months only; hence, the claim frequency figures shown for 1987 most likely are understated.

Alaska, Nebraska, Vermont and Wyoming all had laws enacted in 1985. Experience shown below indicates that Alaska's and Vermont's rate of incurring claims involving uninsured drivers grew almost three times and more than fifteen-fold, respectively, since their laws passed. Wyoming's frequency increased slightly

in 1985, while Nebraska's rate dropped when its law passed, although it has remained constant during the three years subsequent to enactment (again, however, the 1987 figure is understated). Claim frequencies for Arizona, Indiana, New Mexico and Ohio have increased 43%, 62%, 33% and 31%, respectively, from the year the compulsory law became effective until 1987. D.C.'s frequency has been fluctuating since 1983, but the number of U.M. claims incurred per 10,000 vehicles has grown 62% from 1983 to 1987.

For the most part, U.M. claim frequencies are continuing to rise after a compulsory law has been enacted. In spite of the new law, policyholders are still reporting claims involving drivers without insurance; in fact, even more claims are being filed. This finding adds further evidence to the ineffectiveness of mandatory insurance requirement.

Table III  
Trends in U.M. Claim Frequency  
(Per 10,000 Insured Vehicles)  
1983-1987

	<u>Comp. Law</u> <u>Eff. Date</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987*</u>
Alaska	1/85	22	16	31	38	45
Arizona	1983	23	25	29	31	33
D.C.	4/83	66	131	95	89	107
Indiana	1/83	26	26	37	48	42
Nebraska	1985	9	7	5	5	5
New Mexico	1/84	46	48	51	60	64
Ohio	1/84	14	13	15	16	17
Vermont	1985	4	6	24	92	88
Wyoming	1985	4	5	6	6	5

Source: NAI

#### IV. COMPULSORY STATES HAVE HIGHER PREMIUMS AND LOSS COSTS THAN WISCONSIN

Shown in Table IV is a comparison of 1991 personal auto liability average premiums and loss costs (incurred loss per insured vehicle) between Wisconsin and selected compulsory liability states. The sources of these figures are the National Independent Statistical Service (for the NAIC) and the quarterly Fast Track Monitoring System, respectively. Except for Illinois, the other seven compulsory states in the table were chosen because they, like Wisconsin, are not no-fault states and because their population density and motor vehicle density somewhat approximate those of Wisconsin (Illinois' densities are substantially higher than Wisconsin, but was included because it abuts the state and, therefore, is of interest). South Carolina's average premium is not available at this time, since NISS does not collect experience for this state.

Table IV  
Wisconsin vs. Compulsory States  
Liability Average Premiums and Loss Costs

	<u>Comp. Law</u> <u>Eff. Date</u>	<u>1991 Liab.</u> <u>Avg. Prem.</u>	<u>1991 Liab.</u> <u>Loss Cost</u>
Wisconsin	----	\$273	\$139.23
Illinois	01/90	303	168.42
Louisiana	1975	454	226.46
Missouri	1986	266	144.59
South Carolina	10/74	n/a	158.40
Texas	01/82	390	188.08
Vermont	1985	251	128.69
Washington	01/90	370	165.58
West Virginia	07/81	322	155.14

Sources: NISS, on behalf of NAIC, and Fast Track Monitoring System

According to NISS, Wisconsin currently is in the bottom third of the nation in terms of liability average premium. With the exception of Vermont, Wisconsin's average liability premium and loss cost are lower than those of its comparison states with a mandatory insurance law.

In general, those states having compulsory laws tend to have higher loss costs and, hence, premiums; one reason for worse loss experience in compulsory states is the fact that a mandatory law, if successful, would require every motorist, including the highest-risk drivers, to be insured. This would cause a deterioration in loss experience, creating an increase in insurance rate levels.

#### V. CHANGE IN LOSS COST IS HIGHER IN COMPULSORY STATES THAN IN WISCONSIN

Table V shows a comparison during particular time periods between Wisconsin's trend in liability loss experience and that of other states currently having a compulsory liability insurance law. The source of this data is the Fast Track Monitoring System.

The liability loss cost has been selected as a basis of comparison because it represents the average amount of loss per insured vehicle. The time period chosen for comparison purposes is that period available on the Fast Track report directly after each compulsory insurance law became effective through 1991. Due to the various effective dates of the compulsory insurance law, individual state comparisons with Wisconsin have been grouped into four different categories, where similar time periods examined have been placed together.

Table V  
Comparing the Change in Liability Loss Cost Levels  
between Compulsory States and Wisconsin

<u>State</u>	<u>Comp. Law Effective Date</u>	<u>Overall Loss Cost % Change (1)</u>	<u>Average Annual Loss Cost % Change (2)</u>
A. Alaska	1/1/85	48.0%	7.3%
California	1/1/85	85.5	11.0
Wisconsin		51.2%	7.2%

(1) Overall Change in Loss Cost from 1985 to 1991

(2) Annual Change in Loss Cost from 1985 to 1991

<u>State</u>	<u>Comp. Law Effective Date</u>	<u>Overall Loss Cost % Change (1)</u>	<u>Average Annual Loss Cost % Change (2)</u>
B. New Mexico	1/1/84	124.4%	12.3%
Oklahoma	7/1/83	72.1	8.1
Wisconsin		61.4%	7.1%

(1) Overall Change in Loss Cost from 1984 to 1991

(2) Annual Change in Loss Cost from 1984 to 1991

<u>State</u>	<u>Comp. Law Effective Date</u>	<u>Overall Loss Cost % Change (1)</u>	<u>Average Annual Loss Cost % Change (2)</u>
C. Arizona	12/31/82	99.4%	9.2%
Indiana	1/1/83	126.0	10.8
Wisconsin		77.7%	7.5%

(1) Overall Change in Loss Cost from 1983 to 1991

(2) Annual Change in Loss Cost from 1983 to 1991

<u>State</u>	<u>Comp. Law Effective Date</u>	<u>Overall Loss Cost % Change (1)</u>	<u>Average Annual Loss Cost % Change (2)</u>
D. Kentucky	7/1/75	144.4%	10.5%
Montana	7/1/79	80.4	7.1
Texas	1/1/82	151.6	10.8
Wisconsin		84.2%	7.1%

(1) Overall Change in Loss Cost from 1982 to 1991

(2) Annual Change in Loss Cost from 1982 to 1991

Source: Fast Track Monitoring System

In all cases but Alaska (in A.) and Montana (in D.), the overall loss cost level for the compulsory states has risen higher than for Wisconsin. (Alaska's loss cost decreased in 1987, resulting in a relatively small overall percentage change. Montana's BI

decreased as well in 1988.) These greater percent changes suggest that the average loss per insured vehicle and, hence, the rate level increased even more as a result of the enactment of compulsory insurance.

Also shown in Table V are the average annual percent changes in loss cost for each state. These figures measure the annual movement in incurred loss per insured vehicle. For example, while New Mexico had an average annual increase of 12.3% since its enactment of compulsory insurance, Wisconsin's loss cost experience rose only 7.1% during the same time period. The average loss per insured vehicle tends to accelerate more quickly in a compulsory state each year than in Wisconsin; hence, insurance rates in compulsory states tend to rise more quickly as well. If Wisconsin were to enact a compulsory liability law, then its loss cost may very well increase more significantly, resulting in a higher average liability premium for the policyholders in this state.

Again, an increase in loss cost suggests that the average claim per insured vehicle has risen as a result of the inclusion of those motorists who did not carry automobile liability insurance prior to the adoption of the compulsory law. As stated earlier, one reason for such an increase may be due to the fact that a compulsory insurance law, if successful, would require every motorist, including the highest-risk drivers, to be insured.

In conclusion, opponents of compulsory insurance assert that this type of law is not effective in reducing U.M. claim frequency, and it also creates an increase in insurance rate levels. These assertions are demonstrated by the statistics presented above. Not only are the increases in loss cost generally greater in the compulsory states since the laws were enacted, but the loss costs have usually also risen at a faster rate per year. Lastly, because there is relatively little uninsured motorist problem in Wisconsin, the passage of a compulsory liability insurance law is not necessary.

I hope these figures give you further insight into the negative effects of compulsory insurance in states having such laws. If you have any questions regarding this information or would like additional analysis, please don't hesitate to call..

cc: Terrie Troxel  
Pat McNally  
Bob Zeman  
Terry Tyrpin  
Dan Kummer

# **State Average Expenditures & Premiums for Personal Automobile Insurance in 1995**

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**January 1997**

***NAIC***  
National Association  
of Insurance Commissioners

**Table 1**  
**Private Passenger Automobile Insurance**  
**State Average Expenditures and Average Premiums**  
**1995**

State	Average Expenditure		Combined Average Premium		Liability Average Premium		Collision Average Premium		Comprehensive Average Premium	
	Expenditure	Rank	Premium	Rank	Premium	Rank	Premium	Rank	Premium	Rank
Alabama	549.09	33	632.24	34	296.22	40	231.25	13	104.77	30
Alaska	729.50	14	885.41	10	452.17	18	308.00	4	125.24	18
Arizona	727.24	15	810.44	15	490.02	14	185.14	31	135.28	14
Arkansas	499.87	42	612.26	36	297.98	39	207.57	24	106.71	29
California	830.98	8	960.54	7	518.75	11	281.98	7	159.80	5
Colorado	721.93	16	823.69	13	472.89	16	184.07	32	166.73	3
Connecticut	880.53	6	958.18	8	603.11	6	247.62	10	107.46	28
Delaware	783.74	10	850.24	12	564.70	7	206.62	25	78.91	46
Dist. of Columbia*	958.58	3	1,072.63	3	548.41	8	335.84	2	188.38	2
Florida	739.41	12	778.70	19	490.50	12	187.79	29	100.41	33
Georgia	596.41	26	726.15	22	315.56	37	288.22	5	122.37	20
Hawaii	963.08	2	1,094.02	2	736.78	1	257.65	9	99.60	34
Idaho	446.81	47	535.53	49	273.32	45	165.51	43	96.70	37
Illinois	612.27	24	679.51	25	353.51	28	215.75	21	110.24	27
Indiana	542.35	35	616.01	35	337.47	33	188.52	28	90.02	43
Iowa	428.67	49	489.13	50	247.98	49	148.51	49	92.64	40
Kansas	473.77	43	582.43	42	261.68	46	169.28	42	151.47	8
Kentucky	555.42	31	672.05	29	364.11	27	215.81	20	92.14	41
Louisiana	787.44	9	907.18	9	547.11	9	227.09	17	132.99	15
Maine	472.05	44	542.78	48	289.23	43	180.72	36	72.83	49
Maryland	732.10	13	789.79	17	476.06	15	210.84	23	102.88	31
Massachusetts**	898.21	5	979.45	6	639.87	3	222.37	18	117.21	23
Michigan	645.49	21	796.00	16	343.22	32	320.29	3	132.49	16
Minnesota	630.02	23	690.67	24	427.78	20	149.54	48	113.35	24
Mississippi	579.24	28	679.36	27	322.15	36	234.70	12	122.51	19
Missouri	572.20	29	651.89	30	345.31	31	194.33	27	112.26	25
Montana	468.46	45	591.61	39	274.10	44	170.29	40	147.22	11
Nebraska	451.87	46	544.48	47	250.61	48	153.34	47	140.53	13
Nevada	758.82	11	876.66	11	530.51	10	228.66	16	117.48	22
New Hampshire	609.14	25	679.47	26	371.97	25	230.71	14	76.80	48
New Jersey***	1,013.47	1	1,169.21	1	662.04	2	351.64	1	155.53	6
New Mexico	639.15	22	785.37	18	408.61	22	229.63	15	147.13	12
New York	905.90	4	1,063.30	4	607.44	5	265.33	8	190.54	1
North Carolina	500.50	41	576.83	43	348.38	30	157.39	46	71.06	51

**Table 1**  
**Private Passenger Automobile Insurance**  
**State Average Expenditures and Average Premiums**  
**1995**

State	Average Expenditure		Combined Average Premium		Liability Average Premium		Collision Average Premium		Comprehensive Average Premium	
	Rank	Premium	Rank	Premium	Rank	Premium	Rank	Premium	Rank	Premium
North Dakota	51	380.98	51	481.61	51	204.77	51	144.91	51	131.93
Ohio	36	532.29	40	588.05	34	327.95	33	182.55	33	77.55
Oklahoma	37	526.17	31	649.98	35	324.91	39	173.19	7	151.88
Oregon	30	564.86	32	634.87	24	373.37	38	175.90	44	85.60
Pennsylvania	18	667.23	21	742.54	19	444.29	26	204.46	38	93.79
Rhode Island	7	869.80	5	1,027.41	4	619.18	6	287.80	21	120.43
South Carolina	27	582.26	28	675.93	23	395.84	35	180.97	35	99.12
South Dakota	50	428.64	46	548.60	47	251.36	50	146.34	9	150.90
Tennessee	38	519.29	38	601.88	41	293.54	19	216.94	42	91.40
Texas****	17	710.52	14	820.58	13	490.31	34	181.37	10	148.91
Utah	34	547.49	33	634.45	29	351.73	30	185.69	36	97.02
Vermont	39	511.76	41	587.23	42	293.27	22	212.96	45	81.00
Virginia	32	552.91	37	603.11	26	371.57	45	159.08	50	72.46
Washington	19	649.55	23	716.86	17	453.01	41	170.25	39	93.59
West Virginia	20	646.14	20	762.90	21	412.87	11	238.35	26	111.69
Wisconsin	40	505.55	45	563.31	38	301.57	44	160.74	32	101.00
Wyoming	48	432.89	44	566.96	50	230.56	37	176.27	4	160.13
Countrywide		665.52		757.43		425.89		214.63		116.91

\* Because the District of Columbia is entirely urban it may not be directly comparable to states with rural areas.

\*\* Data incorporates Safe Driver Plan credits and surcharges. (See Technical Note for further explanation.)

\*\*\* See Technical Note for explanation.

\*\*\*\* Due to historical data reporting anomalies, Texas results are not reflective of actual experience and not comparable to results from other states. (See Technical Note for further explanation.)

AVERAGE EXPENDITURE = (Total written premiums/Liability Car-Years)

COMBINED AVERAGE PREMIUM = (Liability Average Premium + Collision Average Premium + Comprehensive Average Premium)

AVERAGE PREMIUM = (Written premiums/Written Car-Years)

Sources: AAIS, ISO, NAI, NISS, Massachusetts Commonwealth Automobile Reinsurers, South Carolina Department of Insurance, Texas Department of Insurance, California Department of Insurance and NAIC.

## COMPULSORY AND NO-FAULT AUTO INSURANCE

By Kelly Fox and Brenda Trolin

*Legislatures are considering no-fault insurance and increased regulation of compulsory insurance to address the high cost of auto insurance.*

The increasing cost of auto insurance premiums has put reform at the top of many legislative agendas. Solutions being considered are no-fault insurance and increased regulation of compulsory insurance.

**No-Fault.** The no-fault system is a common alternative to the traditional tort system. No-fault insurance provides twofold coverage. First, it attempts to make a clearer differentiation between those individuals who are seriously injured and those who are not. The second component is coverage for the insured's economic losses regardless of fault, known as personal injury protection. Seriously injured individuals are allowed to seek compensation for both their economic, as well as noneconomic, losses. Individuals with less serious injuries are allowed to seek compensation only for economic losses.

Proponents of no-fault report it is more efficient, more equitable and less costly than the traditional tort system. Critics believe it actually increases overall costs by providing incentives for individuals to inflate medical costs in order to exceed the statutory medical expense threshold. The threshold for medical expenses that must be met to seek economic as well as noneconomic damages ranges from \$2,000 in MASSACHUSETTS to \$4,000 in MINNESOTA. Although this issue continues to be debated, it is imperative that lawmakers use clear and concise language when enacting no-fault legislation to ensure the effectiveness of the law. Threshold amounts and personal injury protection provisions must be clearly defined.

States with no-fault systems must determine where the line is drawn between serious and less serious injuries. In most states, this threshold is monetary. Several states, including FLORIDA, MICHIGAN and NEW YORK, require a verbal threshold, where damages are described such as "damages recoverable only if injury results in significant disfigurement, permanent loss of bodily function or death." KENTUCKY, NEW JERSEY and PENNSYLVANIA allow the insured to choose which system they prefer, traditional tort or no-fault.

By the end of 1996, 15 states had passed no-fault legislation with different thresholds and recoverable damages. States with personal injury protection provisions have placed varying caps on recoverable

### Highest and Lowest Auto Insurance Rates

#### Most Expensive States:

New Jersey	\$1,013.47
Hawaii	963.08
District of Columbia	958.58
New York	905.90
Massachusetts	898.21
Connecticut	880.53
Rhode Island	869.80
California	830.98
Louisiana	787.44
Delaware	783.74

#### Least Expensive States:

South Dakota	\$428.64
Iowa	428.67
Wyoming	432.89
Idaho	446.81
Nebraska	451.87
Montana	468.46
Maine	472.05
Kansas	473.77
Arkansas	499.87
North Carolina	500.50

Source: Insurance Research Council

wage losses. Several states, including **KANSAS**, have limits on medical damages that restrict expenses to \$4,500 for medical and \$4,500 for rehabilitation for first-party claims. **MINNESOTA** places an overall cap on first-party medical claims at \$20,000.

**Compulsory.** The second strategy states are using to curb premiums is strengthening compulsory insurance laws. Forty-four states have compulsory liability insurance laws. The solutions range from confiscating uninsured vehicles to increasing fines. Several states, including **NORTH CAROLINA**, **LOUISIANA** and **FLORIDA** allow license plates to be removed from uninsured vehicles. North Carolina's legislation requires insurance companies to report if an individual cancels or fails to renew policies. **NEW MEXICO** has a program that permits the vehicles of uninsured motorists to be towed. Some states, including **OHIO**, require drivers to carry an insurance identification card or proof of financial responsibility at all times or their licenses may be suspended.

**UTAH** uses, with reportedly good success, a data base to identify uninsured drivers. The system is a cross index between policyholder data, updated by insurers, and lists of motor vehicle registrations. The data base identifies those individuals who own a motor vehicle and do not have insurance. The penalty ranges from loss of license to loss of registration. Reports are, however, that similar programs enacted in **CONNECTICUT**, **NEVADA** and **PENNSYLVANIA** have misidentified motorists.

Several states have considered legislation that prevents uninsured motorists from bringing lawsuits for pain and suffering after an auto accident. This proposal has been coined "no pay, no play." **MICHIGAN** put this kind of law into effect in October 1996. **CALIFORNIA** passed similar legislation in November 1996.

Many states have introduced legislation this year to reform and enact new no-fault legislation, as well as crack down on uninsured motorists. Several states will increase the maximum limit of no-fault insurance benefits. **NEW MEXICO** and **MARYLAND** are considering no-fault systems, while **MASSACHUSETTS** is considering repealing its no-fault system. **NEW JERSEY** has proposed the broadest range of legislation from applying additional constraints to the personal injury protection benefits to repealing the entire no-fault system.

**ILLINOIS** and **IDAHO** are tackling the problem of uninsured motorists by introducing legislation that will allow vehicles to be impounded until notice is provided that insurance has been obtained. **ALABAMA** and **INDIANA** are proposing to set up programs similar to **UTAH**'s.

### Contacts for More Information

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The Institute for Civil Justice at RAND  
(310) 393-0411

#### States with No-Fault

Colorado  
Connecticut  
Florida  
Hawaii  
Kansas  
Massachusetts  
Michigan  
Minnesota  
New Jersey  
New York  
North Dakota  
Pennsylvania  
Utah  
Wisconsin

Source: NCSL

*Many states are cracking down on non-compliance with compulsory insurance laws.*





## CLIFFORD OTTE

WISCONSIN STATE REPRESENTATIVE  
27TH ASSEMBLY DISTRICT

May 12, 1997

Representative James R. Baumgart  
3 North State Capitol  
Madison, WI 53702

Dear Jim:

Thank you for your letter requesting that I hold a public hearing on Assembly Bill 86, relating to assuring financial responsibility for the operation of motor vehicles.

At this time, there is only one more date until July when the Assembly Committee on Consumer Affairs is scheduled to meet that is not also a session day. I have already made commitments for that date.

I will plan to schedule a hearing on Assembly Bill 86 during one of our July meeting dates.

Sincerely yours,

CLIFFORD OTTE  
Chairman  
Assembly Committee on Consumer Affairs

cc: Speaker Ben Brancel, Attention: Kristan Collins  
Eric Englund, Wisconsin Insurance Alliance



State Representative  
**James R. Baumgart**

26th Assembly District:  
City of Sheboygan-  
Wards 1-3,5,6,9,11-16  
City of Sheboygan Falls  
Village of Kohler  
Town of Sheboygan  
Town of Sheboygan Falls  
Ward 4

May 12 1997

Representative Clifford Otte  
Chair  
Assembly Committee on Consumer Affairs  
Room 109 West, State Capitol  
Madison, WI 53708

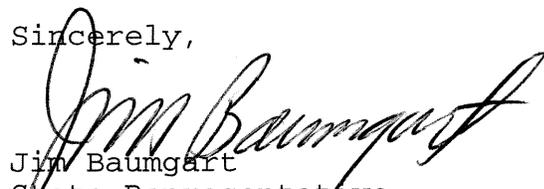
Dear Representative Otte:

Assembly Bill 86, relating to assuring financial responsibility for the operation of motor vehicles, of which I am the author, was referred to the Assembly Committee on Consumer Affairs on February 12, 1997.

I am writing to request of you, as chair of the committee, that a public hearing be held on AB86.

Your consideration of this request is appreciated.

Sincerely,

  
Jim Baumgart  
State Representative  
26th Assembly District

JB:wrc



**Rep. Judy Robson**  
Wisconsin State Legislature

Dear Rep. Otte:  
Chair, Consumer Affairs Committee

I thought you might be interested in a copy of this.

I have enclosed the information you requested.

Please note: Please share this letter with your committee members.

Thank you.

Judy

February 24, 1997

Consumer Affairs Committee

I am writing in support of 1997 Assembly Bill 86. Actually I had always thought that Wisconsin required all drivers to carry insurance. I found out the hard way last November, I was wrong. My daughter was involved in an accident with an uninsured driver. I have been battling with this driver and his father the owner of the other car involved since to be paid for all the damage caused to my daughters car. The Dept. of Motor Vehicle Uninsured Motorist hearing was this past Wednesday, but I still have to wait three more weeks to find out what was decided. My next small claims hearing is March 5th. Yes I said next, I lost the first one and had to appeal. Why, well the legal system seems to support the guilty. I called fifteen different law offices trying to find an attorney to help. If they didn't call back the answer from the ones I did get to talk to was just no. I found only one to talk to me, but that was just to tell me that there was no money to be made by the attorney to go after an uninsured driver. He suggested that I go to small claims court. So court has been Me Vs: Attorney for the other driver,(yes he got one, he is being unjustly persecuted).

He was also ticketed for causing this accident.

The battle that I've been told that is going on is that insurance companies insist that if we inact this bill all insurance will have to go up to cover the bad drivers. What scare tactics, all insurance companies have what

is called High Risk Insurance. This is for the new and ticket / accident prone drivers. Even my daughter is under the High Risk because she's a new driver.

I am in total support of this bill and request that all effort is made to enact this into State Law. I don't feel the Assembly should buckle under to the scare tactics of the insurance company's lobbyists.

Thank you,

A handwritten signature in cursive script that reads "Cal Ledbetter". The signature is written in black ink and is positioned below the typed name "Cal Ledbetter".

Cal Ledbetter

Cal Ledbetter  
752 Jeannie Ln.  
Beloit, Wi. 53511