

# MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1285

2001 HOUSE TRANSPORTATION

HB 1285

## 2001 HOUSE STANDING COMMITTEE MINUTES

### BILL/RESOLUTION NO. HB 1285

House Transportation Committee

☐ Conference Committee

Hearing Date February 1, 2001

Tape Number	Side A	Side B	Meter #
1	x		3,723
Committee Clerk Signature <i>Lauren L. Zink</i>			

Minutes: Rep. Weisz - Chairman opened the hearing on HB 1285: A BILL for an Act to create and enact a new section to chapter 39-04 of the North Dakota Century Code, relating to liability insurance for motor vehicles; and to provide a penalty.

Rep. Delmore: I represent District 43 in Grand Forks. I realize that driving without insurance is not an issue to any of you on this committee. Although I have been aware of this problem for some time, this fall the impact and consequences of drivers driving without insurance became very real to me. My sister - in-law has been an early morning jogger for 15 years. Right before Thanksgiving she was on her early morning run when she realized there was a car coming down the county road -- traveling too fast. Even though she moved to an approach, he hit her -- throwing her forty feet through the air breaking her ribs and vertebrae. Her dog who accompanied on every run was also hit and died a few days later. Although her prognosis is good seeing my brother - in - law struggle with the medical bills and future ramifications because the driver who hit her was driving without insurance. Hopefully her recovery will continue to good better than

her chances for recourse. According to the North Dakota Highway Patrol in the last two years there were 3326 citation for driving without liability insurance. There were 559 for second offenses for driving without liability insurance; and , 392 citations for infractions where the uninsured owner was the driver. These are impressive statistics. We do have problem. Although North Dakota does have sanctions to punish these drivers, they still play the odds. They still drive on our roads. We need to track these people and get them off the roads before they cause harm. HB 1285 can be one more tool to keep these drivers off the road. It simply provides that the department randomly check 5% of the of all registered vehicles each year. We need to keep these drivers from playing the odds and driving the roads. If they don't have insurance they should not be allowed to drive. I have two hands out which I will give to the committee. Copies of the handouts are attached. I think this legislation will help get these people off the road.

Rep. Weisz - Chairman ( 4151) Is the thrust of this bill that public awareness that by inspection 5% of the vehicles that they know the Department will be checking up on them?

Rep.Delmore: I am hoping it will send notice that maybe one of the cars that is stopped. We all know that our tax forms may be checked and that certainly keeps a lot of us honest when we may be randomly selected.

Rep. Weisz - Chairman: Are you aware if the department checks ---

Rep. Delmore: No, Mr. Chairman.

Rep. Ruby: ( 4278 ) What happens if somebody takes off their insurance on a seasonal basis for work purposes and is still licensed and the department runs a check and finds this vehicle that is registered but not insured?

Rep. Delmore: I presume that the department would not find that was intended by this bill.

Rep. Schmidt: I signed on in support of this bill. I think that in the last interim in my area I had three calls ---- about people who were struck by drivers uninsured. So I am in support of this bill.

TESTIFYING IN OPPOSITION:

Keith Klusser: I am Director of the Motor Vehicle Division of the DOT. It is difficult to stand here in opposition to this bill, but my concerns about this bill are mainly fiscal. If someone had asked for a fiscal note on this bill my rough estimate would be about \$1 million dollars a year to implement and carry out the provisions. The bill would required us to inspect 35,000 vehicles. The bill as I read it would required use to do several things; first, to get from you the insurance information prior to the time you register your vehicle - we register some 700,000 vehicles per year. We have to get that information in some form whether it is a paper or some for so that we can get it into the data base. Then we would have to verify the information as that is another part of this bill. Then on those 35,000 vehicles per year we would have to do a random check on -- we would then have to write the insurance company and provide the insurance company the policy information you supplied and they then would have to verify that they had that vehicle insured. We had a program similar to this a couple of years ago. We were sampling 500 vehicles per month. That program cost us one full-time job for someone to tract that information. This program would be more in the neighborhood of 3000 verifications per month. I also see that we would need several employees just to enter the data into the computer system. I looked at my insurance policy - it had 13 characters just for the policy number and another 15 characters for the name of the company--- from my calculations these items alone would require more than 1 21 million key strokes per year which we don't have to do now. So we do have some concerns

as to what the impact would be to us from the fiscal side. While we need to provide a space for that data in the data base but we know from experience we won't get a lot of that information so we will have to return that application and process it again. So I see a need for perhaps two employees just for that follow up work which we are not now doing. We also had some experience back in 1976 when we first dealt with the no-fault insurance law. I do not see a simple practical way to solve the problem of the uninsured motorist on our highways. I don't think this bill will accomplish that and other bills which have been looked in the past wouldn't have accomplished that -- I don't see a practical way to accomplish what you want to do. The only system I have heard of that seems to work is that used in the Canadian Provinces; and, that is when you register your vehicle you buy your insurance from the Province. I don't think we want to get into that.

Rep. Waist - Chairman ( 5091 ) from the first part of this bill where it says 'provide the Dept. Satisfactory evidence' -- your interpretation of that is that the current system we have where you sign that you had liability insurance does not be adequate any more -- that you would need some physical evidence ?

Keith Kisser: I agree with you assessment -- right now that statute requires that you certify you have insurance. This statute clearly - to me -- would required something more than that. The only thing I know that we could do is to required you to furnish current insurance information and then we would verify it. The least we could ask for is the name of the company and the policy number. When you buy a vehicle you could be required to give the name of the agent. But at some later date we would have to verify the coverage it didn't show up in our tracking system.

Rep. Throg: ( 5285 ) I have several older vehicles stored, registered but not licensed -- if this bill were to pass -- I am not driving them, so -- if they were checked out I would have insure them.

Keith Kisser: My reading would be that only if the registration were current, then you would. If you have a current license then this law would apply to you.

Rep. Disco: ( 5355 ) Can you tell us what it costs to be caught driving without insurance?

Keith Kisser: I honestly can't tell you -- I don't know.

Rep. Weisz - Chairman We have a 'cheat sheet' here that says its -- first offense is 6 points and \$150 to 500 fine --- going up to 12 points.

Rep. Stemmed: ( 5595 ) The 6 points and \$150 fine - isn't that if you are convicted of an accident?

Keith Kiser: My understanding is the penalty if you are found driving without liability insurance. That would be if the officer found you guilty of driving without insurance or if he found you guilty of causing an accident and not having insurance or if it was a routine traffic stop and he asked you for your insurance information.

Rep. Schmidt: ( 5681 ) Even if it is for an accident -- this is what has been told to me -- especially a driver who has points on ( ?off ) his drivers license -- he goes to an insurance company -- the insurance premium if \$400 or 500 dollars and they said that dropping the insurance would pay the fine -- maybe it would be all right if we drafted an amendment and raise that up -- the fee for driving without liability.

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House Transportation Committee  
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Kelth Klser: I do know that legislation in the past has looked at raising the penalty on those persons driving without liability insurance. It has been an ongoing subject for a long period of time.

There being no other persons wishing to appear to testify either for or against HB 1285, Rep. Welsz - Chairman closed the hearing on receipt of any further testimony.



2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1285 B

House Transportation Committee

☐ Conference Committee

Hearing Date February 2, 2001

Tape Number	Side A	Side B	Meter #
2	x		5,224
		x	339
Committee Clerk Signature <i>Laurel B. Price</i>			

Minutes: Rep. Weisz - Chairman opened the discussion for action HB 1285.

Rep. Weisz - Chairman , this is a difficult one (bill) to address and maybe we won't act on it today.

Rep. Jensen: ( 5282 ) Instead of the department randomly select 5% of the registrations, couldn't we have enforcement random check like they do for alcohol?

Rep. Price: You could check at that point in time but it might only be good for 6 month or a year but what about the rest of the time? But why can't we asked them when they sign that they are insured at the time of registration had them not only certify but give the name of the insurance company. Include the agent and policy number ---

Discussions were quite extensive exploring how these inspection might be done, the phone calls and correspondence necessary to be checked; fiscal notes and costs; Canadian checks finding you don't have coverage you just don't drive; --

TAPE TWO SIDE 2 ( 0 )

Page 2  
House Transportation Committee  
Bill/Resolution Number HB 1285 B  
Hearing Date February 2, 2001

Rep. Carlson: ( 1 ) Are we being asked to set up a "liability insurance coverage - Police Force"?

Rep. Price: ( 158 ) Would you mind if we just took a look at what it would cost if we put it on the certification? And lets look at the 5% random checks --

END 339 NO ACTION

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1285 C

House Transportation Committee

☐ Conference Committee

Hearing Date February 8, 2001

Tape Number	Side A	Side B	Meter #
3	x		1
			End 1752
Committee Clerk Signature <i>Lauren B. Fink</i>			

Minutes: Rep. Weisz - Chairman opened the discussion for action on HB 1285.

Following discussion:

Rep. Hawken: ( 1283 ) I move that we amend this bill to delete after the period line 8 all thereafter and add the word "compliance" in line 7 add including the insurance company name and policy number.

Rep. Hawken: Seconded the motion.

On a voice vote the motion carried.

Rep. Hawken: ( 1384 ) I move a 'Do Pass as Amended' for HB 1285.

Rep. Thoreson: I second the motion.

On a roll call vote HB 1285 carried: 13 yeas 0 nays 1 absent.

END ( 1752 )

VK  
2/9/01

HOUSE AMENDMENTS HB 1285 HOUSE 1285 2-12-01

Page 1, line 1, remove the third "to"

Page 1, line 2, remove "; and to provide a penalty"

Page 1, line 6, remove "**and inspection**" and remove "**- Penalty**"

Page 1, line 7, after "department" insert "the name of the applicant's motor vehicle insurance company and policy number as"

Page 1, line 8, remove "The department shall randomly inspect five percent of all registered vehicles"

Page 1, remove lines 9 through 13

Renumber accordingly

Date: 2/08/01  
Roll Call Vote #:

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. HB 1285

House Transportation Committee

☐ Subcommittee on \_\_\_\_\_  
or  
☐ Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken Do Pass as Amended

Motion Made By Rep. Hawken Seconded By Rep. Thoreson

Representatives	Yes	No	Representatives	Yes	No
Robin Welsz - Chairman	✓		Howard Grumbo	✓	
Chet Pollert - Vice Chairman	✓		John Mahoney	✓	
Al Carlson	✓		Arlo E. Schmidt	✓	
Mark A. Dosch	✓		Elwood Thorpe	✓	
Kathy Hawken	✓				
Roxanne Jensen	✓				
RaeAnn G. Kelsch	✓				
Clara Sue Price	✓				
Dan Ruby	A				
Laurel Thoreson	✓				

Total (Yes) 13 No 0

Absent 1

Floor Assignment Rep. Thoreson

If the vote is on an amendment, briefly indicate intent:

**REPORT OF STANDING COMMITTEE**

**HB 1285: Transportation Committee (Rep. Welsz, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (13 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). HB 1285 was placed on the Sixth order on the calendar.

Page 1, line 1, remove the third "to"

Page 1, line 2, remove "; and to provide a penalty"

Page 1, line 6, remove **"and inspection"** and remove **"- Penalty"**

Page 1, line 7, after "department" insert "the name of the applicant's motor vehicle insurance company and policy number as"

Page 1, line 8, remove "The department shall randomly inspect five percent of all registered vehicles"

Page 1, remove lines 9 through 13

Renumber accordingly

2001 SENATE TRANSPORTATION

HB 1285

2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1285

Senate Transportation Committee

☐ Conference Committee

Hearing Date 3-9-01;3-16-01

Tape Number	Side A	Side B	Meter #
1	x		52.5- End
1		x	0.0- 7.7
3-16	1	x	1.0-2.8
Committee Clerk Signature <i>Suzette Schaffer</i>			

Minutes: **HB 1285** relates to liability insurance for motor vehicles; and to provide a penalty.

**Rep. Lois Delmore:** ( District 43; Supports) See attached testimony and handouts. The impact and consequences of driver's without liability insurance hit home last fall when her sister-in-law was injured while jogging by a driver without insurance. Now they have to deal with those bills. As amended, this bill simply requires proof of financial liability- policy number and company name to be turned into the NDDOT.

**Senator Trenbeath:** Is there a penalty for providing false information? It would be easy enough to throw in a policy number and company name.

**Rep. Delmore:** There is not a penalty because anything I tried to do to get a certain amount of them checked, died by fiscal note because we add these burdens on. Our state employees say we would need to add more employees. I wish there were some way we could work it out.

**Senator Trenbeath:** This is probably a stature that keeps the honest people honest and the dishonest will make up information.



**Keith Kiser:** (Director of Motor Vehicle Division; Neutral) This is a problem. Unfortunately, there is no solution to the problem. This bill has never had a fiscal note on it. There was none requested. The fiscal impacts are high. Honest people will report information. Dishonest people will report false information. This would create some problems in getting their registrations done in a timely manner. ND has 7% of uninsured motorists. Although a problem, it's not as bad as most other states. In 1976 when you registered your vehicle, you were required to provide insurance company and policy number. We did a random audit of 5% of them a few months later. We found that about half of them had changed. New insurance companies, false information etc. I have looked at many options to the problem. There really is only one that works. You would have to pay a liability insurance when you register the vehicle. I do not think we want to be in the business of selling insurance.

**Senator Espgaard:** What is the fine for driving without insurance? Is it enforced?

**Keith Kiser:** \$150 minimum fine. Yes it is enforced.

**Senator Trenbeath:** What are the points for driving without liability insurance?

**Senator Stenchjem:** 6 points. If discovered as a result of leaving the scene of an accident it's 14 points.

Hearing closed.

Committee reopened on 3-16.

Discussion held. Senator Trenbeath motions to Do Not Pass. Seconded by Senator Espgaard.

Roll call taken. 4-1-1. Floor carrier is Senator Mutch.

Committee closed.

3-14  
1

HB 1285

Committee

or

Legislative Council Amendment Number \_\_\_\_\_

Do Not Pass

Trenbeath

By

Espegard

Total (Yes) 4 No 1

Absent ~~2~~ 1

Floor Assignment m v - 1 - ch

**If the vote is on an amendment, briefly indicate intent:**

**REPORT OF STANDING COMMITTEE (410)**  
**March 16, 2001 3:15 p.m.**

**Module No: SR-46-5947**  
**Carrier: Mutch**  
**Insert LC: . Title: .**

**REPORT OF STANDING COMMITTEE**

**HB 1285, as engrossed: Transportation Committee (Sen. Stenehjem, Chairman)**  
**recommends DO NOT PASS (4 YEAS, 1 NAY, 1 ABSENT AND NOT VOTING).**  
Engrossed HB 1285 was placed on the Fourteenth order on the calendar.

2001 TESTIMONY

HB 1285

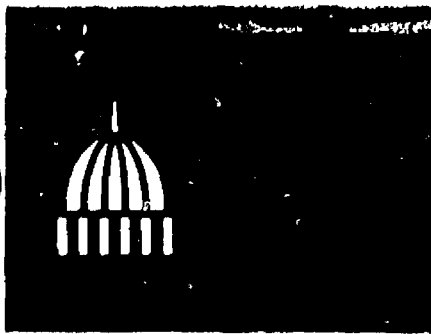
Representative Lois Delmore  
HB 1285

1. Study released by the Insurance Research Council on August 12, 1999 (Article attached)  
Chances are about 8 in 100 that if an insured car occupant is injured in an auto accident in North Dakota, an uninsured motorist caused the accident.
2. Information from North Dakota Drivers License and Traffic Safety Division  
Last two years: 3,326 citations for Driving Without Liability Insurance  
559 citations for Driving Without Liability Insurance (2<sup>nd</sup> Offense)  
392 citations in crashes where owner was the driver
3. Additional information from 1999: North Dakota Traffic Trends published by Drivers License and Traffic Safety Division.  
457,900 licensed drivers in North Dakota  
720,000 registered vehicles in North Dakota  
14,431 total crashes  
3,312 injury crashes with 4,962 persons injured

Hit and Run Crashes  
North Dakota

Statewide – All Law Enforcement Agencies  
1995 to Sept. 2000

Year	Property Damage	Injury	Fatals	Total
1995	624	179	0	803
1996	717	151	0	868
1997	753	150	1	904
1998	742	149	1	892
1999	609	134	1	744
Sept. 2000	459	82	2	543



# National Conference of State Legislatures

## NCSL LEGISBRIEF

Briefing Papers on the Important Issues of the Day

JANUARY 2000

VOLUME 8, NUMBER 3

### The Problem of Uninsured Motorists

By Cheye Calvo

*Uninsured motorists increase the cost of auto insurance.*

*Most states have enacted measures to identify uninsured motorists before damage is done.*

*Lawmakers in 11 states have established uninsured motorist databases.*

Uninsured motorists increase the cost of auto insurance by limiting the pool of insured drivers and forcing people to buy special uninsured motorist coverage. Compulsory laws in 44 states require drivers to purchase auto insurance, and financial responsibility laws in every state hold motorists accountable for bodily injury and property damage resulting from car accidents. Still, significant populations of uninsured motorists drive in every state. Lawmakers in recent years have focused on these lawbreakers as a way to address high auto insurance premiums.

**Measuring the Problem.** What's the likelihood the car next to yours is uninsured? Estimates range from 5 percent to 40 percent, but there is no standard measure for uninsured motorists. This complicates assessing the relative success or failure of state programs to reduce uninsured motorists. State motor vehicle agencies and insurance industry groups disagree over the most accurate method of estimating the number of uninsured motorists. The American Association of Motor Vehicle Administrators has formed a subcommittee to develop a national standard.

**Special Reporting Programs.** Financial responsibility laws enacted primarily in the 1930s and 1940s require motorists to pay damages from motor vehicle accidents. Compulsory laws in every state but Iowa, Mississippi, New Hampshire, Tennessee, Virginia and Wisconsin require drivers to meet financial responsibility by buying motor vehicle liability insurance. Virginia, while not a compulsory state, encourages auto insurance by charging uninsured motorists at registration a \$500 fee. Financial responsibility and compulsory provisions, by themselves, are passive laws, triggering action only after an accident or failure to satisfy a judgment for damages. Most states have enacted measures to identify uninsured motorists before damage is done. For instance, evidence laws require drivers to provide proof of insurance upon registration (29 states), an accident (43 states) or a traffic stop (29 states).

To identify uninsured motorists, states recently have turned to special—often electronic—reporting programs that require insurance companies to provide information on insured drivers to state agencies.

Lawmakers in 11 states, including Colorado, Florida and Louisiana, have established uninsured motorist databases. Insurance companies must supply information on all policies and periodic updates for terminations, nonrenewals, new policies and major policy changes. Insurance information is compared with vehicle registrations. These programs cast the widest possible net to identify uninsured motorists, but place great burdens of time and expense on state agencies and insurance companies.

Twelve states have opted for more limited notification requirements. Programs like ones in Georgia, Minnesota and Oklahoma require insurers to notify state agencies of terminations and nonrenewals, often only for high-risk drivers.

Illinois, Missouri, New Mexico, Ohio and Oregon operate random sampling programs. These programs require insurance policy verification for drivers selected randomly by state agencies. Lawmakers in Delaware and Rhode Island passed random sampling laws in the 1990s, but the programs were not implemented.

The Illinois sampling program enacted in 1991 has received considerable attention from other states and the insurance industry. Unlike other programs, Illinois periodically checks that all high-risk drivers as well as a random sample from the general population carry auto insurance.

The insurance industry prefers the Illinois program to more intensive reporting requirements because of its limited mandate and focus on high-risk drivers. The program has also proved cost effective for the state, with 1998 revenues from fines exceeding administrative costs by \$500,000.

**Penalties and Fines.** Lawmakers have also enacted tougher penalties and fines to discourage uninsured motorists. Financial responsibility laws typically suspend driver's licenses and registrations of motorists failing to pay damage judgments. More recent measures suspend licenses and registrations for drivers identified as uninsured and impose fines and reinstatement fees from \$50 to \$500 for first-time offenders and more for subsequent violations.

*Lawmakers have also enacted tougher penalties and fines to discourage uninsured motorists.*

Laws in many states allow law enforcement personnel to take vehicle tags from uninsured motorists. Some states authorize vehicle impoundment. A 1997 Colorado law requires police officers at traffic stops to confiscate licenses of drivers who don't have required proof of insurance. Drivers are issued temporary licenses and given seven days to demonstrate proof of insurance with the Department of Motor Vehicles. Ohio last year became the first state to seize and destroy the vehicle of a three-time offender as part of the state's "car crushing" program.

**Conclusion.** Laws directed at reducing the number of uninsured motorists vary greatly among states, and lawmakers continue to revise their programs. In 1999, Alabama became the 44th state to enact compulsory insurance. Maryland lawmakers passed legislation phasing out its random sampling program, opting for a database program to begin June 2000. Missouri also will institute a database program by January 2001. California enacted a unique pilot program to make available to low-income motorists in certain areas more affordable policies with lower liability limits.

NCSL since August 1999 has received calls from lawmakers and staff in over 20 states who want to review uninsured motorist laws during the 2000 sessions.

Increased attention to the problem of uninsured motorists is showing results. Most states with new programs report declining uninsured motorist rates. However, results remain preliminary and inconclusive. Time and continued attention will identify which programs prove most successful and cost effective.

*Increased attention to the problem of uninsured motorists is showing results.*

#### Contacts for More Information

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January 10, 2001

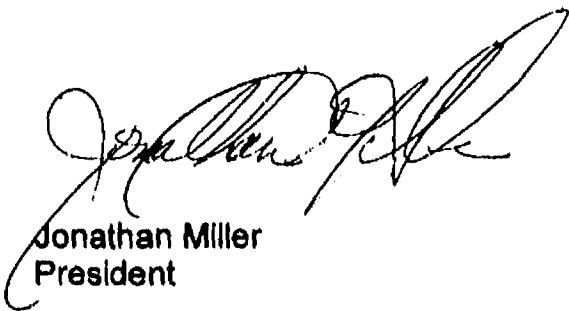
Hon. Bob Stenehjem  
Chairman, Senate Transportation Committee  
State of North Dakota  
7475 - 41st St., SE  
Bismark, ND 58504-3200

Dear Hon. Stenehjem,

Please allow me to introduce a simple, unique, inexpensive product that will:

- ❖ Generate many millions of additional dollars, (perhaps hundreds of millions), in revenues for your government every year.
- ❖ Be extremely popular with your Citizens because it's totally non-invasive and provides a long list of substantial benefits... especially to the economically disadvantaged.
- ❖ Dramatically help North Dakota's businesses.
- ❖ Dramatically reduce fraud and the uninsured motorist problem.
- ❖ Either make or save money for every participant group/organization involved. There is no "down side" to anyone other than those who seek to circumvent the law.
- ❖ Support and interface with your existing governmental efforts.
- ❖ Reduce effort on the part of governmental and insurer staff and everyone else involved.

Please allow us the opportunity to present this product to you and your staff personally and provide exact details of how it will benefit your existing efforts.

  
Jonathan Miller  
President

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