

2009 HOUSE TRANSPORTATION

HB 1068

## 2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1068

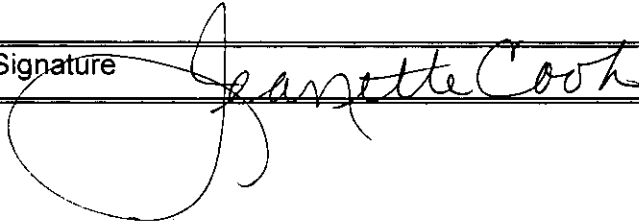
House Transportation Committee

☐ Check here for Conference Committee

Hearing Date: 01/16/09

Recorder Job Number: 7124

Committee Clerk Signature



Minutes:

**Chairman Ruby** called the hearing to order on HB 1068. A summary of the bill was read by the clerk. It is a bill relating to the amount of required coverage for proof of financial responsibility for motor vehicles, motor vehicle liability policies, and snowmobiles; and to provide an effective date.

**Representative Wald, District 37**, introduced the bill and gave an explanation for HB 1068. It increases the North Dakota minimum bodily injury and property damage limits on your automobile insurance. The current minimum limits are \$25,000 per person and \$50,000 per occurrence for bodily injury and \$25,000 for property damage. When you call your agent and buy automobile insurance, not only do you get bodily injury and property damage liability, you also get in that package: uninsured motorist, underinsured motorist, and your basic PIP, or no fault. The basic for no fault is \$30,000 for medical and loss of time. I'm increasing the limits in this bill from \$25,000/\$50,000/\$25,000 to \$50,000/\$100,000/\$50,000. So, if this bill passes, then the minimum limits on your automobile insurance would be \$50,000 per person bodily injury, \$100,000 per occurrence, which would be two or more people injured in an accident or deaths, and \$50,000 of property damage.

**Rep. Wald** explained that the occurrence of an accident between his son's neighbor and his son's house, in which the liability limits were inadequate, brought him to introduce this bill.

The last time that the rates were increased in North Dakota was in 1985. He feels that it is time that we increase the rates.

**Rep. Wald:** The increase in rates will have a premium impact because you are buying more coverage. North Dakota currently has the lowest insurance rates in the country. I have passed out another amendment (Attachment #3) in which you have an option in the bill to allow for \$100,000 of combined single limit. You could either buy the 50/100/50 or the \$100,000 of combined single limit, which combines the limit of liability for bodily injury and property damage. Generally speaking, that is more expensive because you can move the coverage around. If you ran into a store front and there was no bodily injury, you could use the entire \$100,000 of property damage to fix that merchant's store front. You are going to be told that this will increase premiums; and of course that is true. The increase will be minimal. See attached handout (#1) "Premium Comparison for Increased Limits of Liability". I believe that driving is a privilege and not a right. If you are out on the road, involved in an accident, and are at fault, then you should have enough coverage to take care of the people that you injure. \$25,000 property damage is not enough to cover most new cars today. North Dakota would have the highest minimum limits in the country; and we are already on the top of those limits. North Dakota has always been a leader on insurance reform. The language keeps repeating itself throughout the bill. It has no impact on physical damage, or collision, that will stay the same.

**Representative Delmore:** Are there people that are already carrying a higher limit that this?

**Representative Wald:** Yes, and they would not be impacted.

**Representative Tracy Boe**, District 9 spoke in support of this bill. He cited an example of a motorcycle accident that his daughter was involved in. The man at fault had \$100,000 worth of coverage and a false sense of security that he was adequately covered, but he wasn't. This doesn't solve this issue, but it makes a movement toward getting our limits up higher.

**Representative Gruchalla** spoke in support of HB 1608. He cited an example of an accident in which a trooper was hit by a car writing a speeding ticket. He did not have extensive injuries, but the minimum amount of insurance that the gentleman had was gone right away. Workman's Compensation had to finish paying the bills. I think the limits are too low and have not been adjusted for too long. It has been my experience that the people who have the minimum amount of coverage are the worst drivers because those are usually the people who need high risk insurance. They shop around for the lowest rates and end up with the minimum coverage.

**Representative Thorpe**: I believe this is a good idea. The insurance will cost more money, but you are asking them to be better protected.

**Steve Becker, the Executive Director of the Professional Insurance Agents of North**

**Dakota**: We represent mainly the Main Street agent that sells the auto, home, business, and crop insurance across the state of North Dakota. We did a survey of our membership on this issue. We had a good return on the survey, and 89% supported increasing these limits.

Reasons for support:

- a) The limits are outdated, since the cost of vehicles and medical have increased dramatically.
- b) Agents feel that higher limits would provide good protection for their clients as well as the other people driving on the roads.

- c) Higher limits also protect the agents, so they don't have to worry about selling minimum limits and having drivers that don't have adequate coverage.

Some people think that this new coverage will be too expensive. Handout #1 was referred to. It shows, what we feel is, a minimal increase in premium. We have also heard that uninsured drivers premium will go up. I did some research. Maine has 50/100 limits, which is what we are looking at. They have a 4% uninsured driver rate. The national average is 15%. Maine is the lowest in the nation. I don't think we can make the correlation that higher minimum limits will increase the incidence of uninsured drivers. Alabama has 25% less premium than the average in the nation, but they have a 28% uninsured driver rate. I don't think that the higher premiums will cause a higher uninsured driver situation in North Dakota. The National Association of Insurance Commissioners states that the only thing that they see that will fix the uninsured driver situation is: compulsory law, mandatory strict fines, and strict enforcement. We have also been told that agents want higher limits because it will increase their commission. If you refer to Column A on Handout #1, the increase in commission will only be about \$1.50 a year. I don't think agents are asking for this to make a lot more money. On Column C they may make up to \$10 a year on that person. It is not a huge increase for the agents. It is more of a public service in trying to bring our clients up to where they should be.

**Chairman Ruby:** Mr. Becker, do you have any information that tells us what percent of drivers in North Dakota have the minimum limits?

**Steve Becker:** I do not have that information. Companies don't report that information to anyone, so it is difficult to obtain.

**Representative Wald:** It is about 5%. (Information from the Insurance Department)

**Representative Potter:** Is there separate snowmobile coverage or is it in with your automobile policy?

**Steve Becker:** Snowmobiles are separate policies for most people. My understanding is that the definition of motor vehicle does not include snowmobile. That is why that section is in the law, to make sure that they are included.

**Representative Potter:** Will the limits go up about the same for snowmobile people as for autos?

**Steve Becker:** Snowmobile rates are quite a bit lower than auto rates. So, it will probably be about the same percentage, but the dollar amounts will be very minimal.

**Representative Thorpe:** When we increase the limits and the premiums going up, are the people buying insurance going to have the opportunity to adjust their premium to the minimum they feel they can handle by going to higher deductibles?

**Steve Becker:** If they have comprehensive and collision on their policies, they could raise their deductibles to offset this increase very easily. In my past experience, most of the people that have the 25/50 minimum limits, are not the ones that have the full coverage on their vehicle, most just have liability.

There was a short discussion about ATV's which were not pertinent to this bill.

**Representative Weiler:** Are there any statistics that show a problem in North Dakota with people having not enough insurance because of the minimum limits?

**Steve Becker:** I do not have any numbers. In my experience, I know that I had very few claims that went above \$50,000, but had many, many claims that went above the \$25,000. So, it could have been a problem with my client is they would have had the minimum limits. I can do research and try to find some statistic for you, if you would like.

**Representative Potter:** I am concerned that the limit for snowmobiles seems too high. Do you have figures that show what snowmobile accidents cost? Does it really require this amount of insurance for those?

**Steve Becker:** I think that you are probably correct, but we do have snowmobiles that cross roads and drive in front of other vehicles and may injure other people. If you injure other people, to go above the \$25,000 is probably just as easy on a snowmobile as it is in a vehicle.

**Chairman Ruby:** Do we have any numbers on what the cost increase would be for the snowmobiles?

**Steve Becker:** No, I don't. A normal liability premium on a snowmobile is anywhere between \$60 and \$125 a year. So if you add 10% on that it would give you an estimate.

**Representative Wald:** Some companies will allow you to add snowmobile liability to your home owner's policy or farm owner's policy. Generally, a home owner's policy has a \$300,000 limit of liability. So, that would be the limit you would get with your snowmobile. Some companies will allow this and some won't. Most farmers get their coverage this way. You can also buy a stand-alone snowmobile policy, but the rates would be considerably lower than a typical vehicle.

**Chairman Ruby:** Rep. Wald, could you tell me why the effective date on this is 2010? Why wouldn't it be in 2009?

**Rep. Wald:** I wasn't aware of that. I'm guessing when the bill was drafted, they used the 2010 date to give the companies time to figure new rates. If you want to use a 2009, date that would be satisfactory with the department.

**Chairman Ruby:** When the 5% that pay lower limits now, increase their limits, is there any chance that this could reduce the rates for those that are already at a higher level?

**Steve Becker:** I don't think this will affect the rates at all for anyone else. I also wanted to bring up the fact that with internet service today, there are many people that don't have the advice of an agent. This would make sure that they at least have the minimum limits. Many people who go to the internet will pick the lowest price, without realizing the ramifications of

having minimum limits. There is also language in policies stating that when people come from other states their minimum limits must meet the limits in the state that they are in. This is an "other states clause" that automatically raises the limits to that state's limit.

**Chairman Ruby:** Are there any other questions for Mr. Becker?

Is there anyone else here to speak in support of HB 1068? There being none, we will hear opposition to HB 1068.

**Patrick Ward, a partner in the Bismarck firm of Zuger, Kirmis, and Smith, represented State Farm Insurance and the Property and Casualty Insurance Association of America** and spoke in opposition of HB 1068. See attached testimony #1. He referred to Handout #2, which is attached. The persons represented by me believe that the policies in place in North Dakota are doing a good job and do not think it is necessary to make a change, so we oppose HB 1068.

**Representative Delmore:** I don't have a problem with the property damage, but if someone is seriously injured, I don't think that \$50,000 goes very far. You have an average for the property damage, but I don't see anything in your testimony for what the average is (for bodily injury). Certainly there is a huge cost if someone is hospitalized or has surgery. That is the strongest consideration that I think has merit as I look at this bill.

**Patrick Ward:** It is true that the bodily injury claims are more than the property damage claims, that is why the minimum limits are there. I know the insurance department has done some studies; and they have exact information. The information that I was able to gather was that the average liability claim is about \$25,000. There are some (claims) that are more, and that is why in North Dakota there is underinsured and uninsured motorist coverage is required to be offered by an insurance company. Most people purchase that in their package. Then if you happen to get hit by a motorist that has minimum limits, the extra coverage that you buy in



underinsured or uninsured motorist policy is available on top of the liability that the person has that caused the collision.

**Representative Gruchalla:** Pat, when listening to your testimony, I think you told me that I should go out and buy increased coverage and increase my rates, so I can cover the guy that is underinsured.

**Patrick Ward:** What I am saying is, that if you are concerned about an underinsured motorist, you can protect yourself against that. What we are concerned that if you raise this minimum to the highest in the country, you will put more uninsured drivers on the road. Maybe some people are underinsured, but a lot of times that is all they can afford. If you raise the minimums, you are going to be causing an increase in the number of uninsured drivers out there. Then the chances that you or someone that you know is going to get hit by someone that has NO insurance increases. This then puts an even greater burden on your own policy to cover that insurance claim.

**Representative Gruchalla:** Do you know the percentage of people that have their insurance over the internet now?

**Patrick Ward:** I do not know.

**Chairman Ruby:** Do we have the lowest rates in North Dakota at this time?

**Patrick Ward:** I heard Rep. Wald say that. I know that it is usually true. It does fluctuate between North Dakota and South Dakota.

**Chairman Ruby:** With the increases that we will see as the result of this bill, will we probably stay pretty close to having the best rates?

**Patrick Ward:** I believe that is probably true.

It was discussed that a person may have the minimum limit, and that is all that he can afford. If someone is in an accident with the underinsured motorist, then their coverage would be

making up less of a difference, than if that person had no insurance at all. It helps the whole pool, so to speak.

**Chairman Ruby:** Are there any other questions for Mr. Ward?

There were none.

Mr. Ward passed out testimony in opposition to HB 1068 from **Dale Haake** who was unable to be at the hearing because of a death in the family. Mr. Haake represents Nodak Mutual Insurance of Fargo, North Dakota. See attached testimony # 2.

There was no other testimony in opposition to HB 1068.

The hearing on HB 1068 was closed.

## 2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1068

House Transportation Committee

☐ Check here for Conference Committee

Hearing Date: 01/22/09

Recorder Job Number: 7615

Committee Clerk Signature

*Jeanette Cook*

Minutes:

**Chairman Ruby** called the committee to order to take up HB 1068 about raising our liability limits.

**Representative R. Kelsch** moved a **Do Not Pass** on HB 1068.

**Representative Vigesaa seconded** the motion.

**Chairman Ruby** asked for discussion on the bill.

**Representative Weiler:** I am going to support the Do Not Pass because I don't want to be the state with the highest liability minimums in the Union.

**Chairman Ruby:** I think we would be. The only states that are as high as this on bodily injury are lower than this on property damage.

**Representative Weiler:** Listening to the testimony, I think that the agents do a good job convincing people that they can raise their limits higher than the minimum. I don't think this is necessary.

There was no further discussion.

A roll call vote was taken. **Aye 11 Nay 3 Absent 0**

**Representative Vigesaa will carry HB 1068.**

Date: 1-22-09

Roll Call Vote #: 1

**2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES**

BILL/RESOLUTION NO. 10108

House TRANSPORTATION Committee

☐ Check here for Conference Committee

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

Action Taken ☐ Do pass ☒ Don't Pass ☐ Amended

Motion Made By Kelsch Seconded By Vigesaa

Representatives	Yes	No	Representatives	Yes	No
Representative Ruby - Chairman	✓		Representative Delmore	✓	
Rep. Weiler - Vice Chairman	✓		Representative Griffin		✓
Representative Frantsvog	✓		Representative Gruchalla		✓
Representative Heller	✓		Representative Potter		✓
Representative R. Kelsch	✓		Representative Schmidt	✓	
Representative Sukut	✓		Representative Thorpe	✓	
Representative Vigessa	✓				
Representative Weisz	✓				

Total Yes 11 No 3

Absent 0

Bill Carrier Vigessa

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

**REPORT OF STANDING COMMITTEE (410)**  
January 22, 2009 5:59 p.m.

**Module No: HR-13-0781**  
**Carrier: Vigesaa**  
**Insert LC: . Title: .**

**REPORT OF STANDING COMMITTEE**

**HB 1068: Transportation Committee (Rep. Ruby, Chairman) recommends DO NOT PASS**  
(11 YEAS, 3 NAYS, 0 ABSENT AND NOT VOTING). HB 1068 was placed on the  
Eleventh order on the calendar.

2009 SENATE TRANSPORTATION

HB 1068

## 2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1068

Senate Transportation Committee

☐ Check here for Conference Committee

Hearing Date: March 12, 2009

Recorder Job Number: 10796

Committee Clerk Signature

*Jody Hauze*

Minutes:

**Vice Chairman Senator Nodland** opened the hearing on HB 1068 relating to the amount of required coverage for proof of financial responsibility for motor vehicles, motor vehicle liability policies, and snowmobiles. All members were present.

**Steve Becher, NDPIA** testified in support of HB 1068. He explained the bill and it increases the minimum mandatory auto insurance liability limits from 25/50/25 to 50/100/50. He said that 89% of their membership supports this bill. He said the limits were outdated. They have heard concern that the premium will be too expensive and he did prepare some quotes from different agents to present to the committee. Attachment #1 This bill will only effect people that are presently carrying the minimum limits now. He said the argument they have heard is that uninsured drivers will go up if this bill passes. From their research they found that Maine has 50/100 limits and they have 4% uninsured motorist, the lowest in the nation. He doesn't believe that higher premiums necessarily equate to more uninsured drivers. National Insurance Commissioners say that the only thing that affects uninsured drivers is enforcement, compulsory law and mandatory sufficient fines. He also stated that culture has a lot to do with it. In ND we have a culture of people that want to follow the law. The bill will also help with people that cross ND borders and come into our state.

**Senator Potter** asked how many uninsured are there in ND.

**Steve:** the number he hears is about 7 to 8%. Alabama has 28 % uninsured. It has a lot to do with culture.

**Senator Potter** asked about our surrounding states.

**Steve:** there are only two states that have 50/100 and they are Alaska and Maine. The other states are lower. Minnesota is 30,000 per person and 60,000 per accident.

**Senator Nething** asked what is in this for the agency.

**Steve** said the main benefit is that they can provide higher limits to their customer. They do increase the commission but it is fairly small. In Canada they require \$200,000 in almost every province.

#### **Opposition**

**Pat Ward** representing State Farm Insurance and the Property and Casualty Insurance Association of America testified in opposition to HB 1068. Written testimony #2

Also included: News Release from Insurance Research Council titled: Economic Downturn May Push Percentage of Uninsured Motorists to All-Time High; Variation By State of Uninsured Motorists Percentage including map and chart; Compulsory Auto/Uninsured Motorists.

**Senator Fiebiger** said that by increasing the minimum we are helping to protect the general public at large because many of the people that don't have the higher limits are people that don't have the asset if they are in an accident the injured party can't collect, so they are really the people that need this higher minimum. Isn't this an argument?

**Pat Ward** said if you look at the averages across the nation we are in the average and adequate. Second, you can protect yourself by buying higher than the minimum and most people do. He gave an example of kid going off to college in cheap car. (20:40)



**Senator Nething** asked a question about Alaska. What is there uninsured relationship because they have the same minimum that this bill asks for?

**Pat Ward** 13%

**Senator Nething** talks about ND's good economy and asked if we raise the minimum if people still will by insurance.

**Pat Ward** said we are fortunate in ND but we are not an island.

**Senator Nething** said there were only a few states higher than they are and he was wondering what the percentages were of uninsured and how these higher rates have affected them.

**Pat Ward** replied that he knew North Carolina is much higher than ND but the demographics are different. Minnesota is higher. It is difficult to compare.

**Dale Haake** representing Nodak Mutual Insurance of Fargo testified in opposition to HB 1068.  
Written testimony #3

**Senator Nodland** asked if he knew what the largest age group of drivers is in ND.

**Dale Haake** didn't know the answer.

**Cal Rolfson** representing the American Insurance Association testified in opposition to HB 1068. Also handed out an informational sheet on Liability Limits/Proof of Financial Responsibility for the Future (May 2008).

**Jack McDonald** representing Enterprise Rental Insurance testified in opposition to HB 1068.

**Pat Ward** said the information Senator Nething asked about states % of uninsured is located in the hand out he gave out.

#### **Neutral Testimony**

**Larry Maslowski**, ND Insurance Department said this was a public policy issue and they were here in a neutral capacity. He gave a history of what they had done in the past and when it

was increased. They sampled insurance companies and there were about 5% with the minimum liability insurance.

**Representative Boe** testified as a supporter of HB 1068. He gave an example of a family accident. He stated that we have people under insured. We are subsidizing them and we need to start moving those minimums up.

**Senator Fiebiger** asked if we raised these minimums would we increase the chance of people dropping their insurance all together.

**Rep. Boe** said his agent doesn't sell anything less than \$50,000

**Representative Wald** testified as a sponsor in support. He said it has been a long time since we have raised these minimums.

**Senator Lee** closed the hearing on HB 1068.

## 2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1068

Senate Transportation Committee

☐ Check here for Conference Committee

Hearing Date: March 12, 2009

Recorder Job Number 10863

Committee Clerk Signature

*Jody Hauge*

Minutes:

Committee work on HB 1068 relating to the amount of required coverage for proof of financial responsibility for motor vehicles, motor vehicle liability policies and snowmobiles.

**Senator Nething** said he liked the idea of raising the limits but concerned about raising them too much that it has an impact of people not carrying insurance. He was thinking we could go to 30-60 like Minnesota and we would have a little higher insurance coverage and still not have premiums go up much to cause people to not carry any insurance.

**Senator Fiebiger** said the argument at the hearing was that we would have more people not carrying insurance. Was there actual evidence presented to prove this happened in other states.

**Senator Nething** said that they gave us a chart of other states and the increase and decrease. He said North Dakota is third from the lowest in percent of people uninsured. ND is also among the highest in minimum.

**Senator Nething** asked that we hold this and get some questions answered.

## 2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1068

Senate Transportation Committee

☐ Check here for Conference Committee

Hearing Date: March 13, 2009

Recorder Job Number: 10890

Committee Clerk Signature

*Jody Hauge*

Minutes:

Committee Work

**Senator Nething** said that they had received an e-mail from Pat Ward saying if you raise the minimum liability in 39-16.1-11 it also means the minimum uninsured and underinsured goes up too according to 26.1-40-15.2 and 15.3 because they incorporate 39-16.1.11. Attachment #2 He would like to go to 30-60.

**Senator Lee** said that would make ND the highest along with Alaska and Maine.

Discussion followed on the testimony and the possible need for adjusting the prices.

The concerns were expressed of rising it causing people to become uninsured and whether that was a reality or not.

**Senator Potter** said we do want people to be uninsured so they don't flee an accident. He worries about raising the minimum and increasing the amount of people uninsured. He opposes this bill.

**Pat Ward** gave the committee information on the third element which is property damage.

**Senator Nething** moved the Nething amendment which will change it to 30-60-30.

**Senator Fiebiger** Seconded.

Roll Call vote: 3-2-1

Amendment passed.

**Senator Nething** moved a Do Pass as amended.

**Senator Fiebiger** seconded.

Roll call vote 2-3-1

Motion failed.

**Senator Potter** moved a Do Not Pass as amended.

**Senator Nodland** seconded.

Roll call vote 3-2-1

Senator Potter will carry the bill for a Do Not Pass as amended.

Date: 3-13-09  
Roll Call Vote #: 1

2009 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 1068

Senate Transportation Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number Nothing amendment

Action Taken ☒ Do Pass ☐ Do Not Pass ☐ Other

Motion Made By Senator Nothing Seconded By Senator Fiebiger

Senator	Yes	No	Senator	Yes	No
Chairman Senator Gary Lee		✓	Senator Tom Fiebiger	✓	
Senator George Nodland		✓	Senator Richard Marcellais		
Senator Dave Nothing	✓		Senator Tracy Potter	✓	

Total (Yes) 3 No 2

Absent 1

Floor Assignment \_\_\_\_\_

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

Date: 3-13-9  
Roll Call Vote #: 2

2009 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 1068

Senate Transportation Committee

☐ Check here for Conference Committee

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

Action Taken ☒ Do Pass ☐ Do Not Pass ☐ Other

as amended

Motion Made By Senator Nething Seconded By Senator Fiebiger

Senator	Yes	No	Senator	Yes	No
Chairman Senator Gary Lee		✓	Senator Tom Fiebiger	✓	
Senator George Nodland		✓	Senator Richard Marcellais		
Senator Dave Nething	✓		Senator Tracy Potter		✓

Total (Yes) 3 No 2

Absent 1

Floor Assignment \_\_\_\_\_

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

Date: 3-13-69  
Roll Call Vote #: 3

2009 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 1068

Senate Transportation Committee

☐ Check here for Conference Committee

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

Action Taken ☐ Do Pass ☒ Do Not Pass ☐ Other

as amended

Motion Made By Senator Potter Seconded By Senator Nodland

Senator	Yes	No	Senator	Yes	No
Chairman Senator Gary Lee	✓		Senator Tom Fiebiger		✓
Senator George Nodland	✓		Senator Richard Marcellais		
Senator Dave Nething		✓	Senator Tracy Potter	✓	

Total (Yes) 3 No 2

Absent 1

Floor Assignment Senator Potter

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



**REPORT OF STANDING COMMITTEE**

**HB 1068: Transportation Committee (Sen. G. Lee, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO NOT PASS** (3 YEAS, 2 NAYS, 1 ABSENT AND NOT VOTING). HB 1068 was placed on the Sixth order on the calendar.

Page 1, line 12, replace "fifty" with "thirty"

Page 1, line 14, replace "one hundred" with "sixty"

Page 1, line 15, replace "fifty" with "thirty"

Page 2, line 5, replace "fifty" with "thirty"

Page 2, line 7, replace "one hundred" with "sixty"

Page 2, line 10, replace "fifty" with "thirty"

Page 2, line 22, replace "fifty" with "thirty"

Page 2, line 24, replace "one hundred" with "sixty"

Page 2, line 25, replace "fifty" with "thirty"

Page 3, line 1, replace "fifty" with "thirty"

Page 3, line 4, replace "fifty" with "thirty"

Page 3, line 5, replace "one hundred" with "sixty"

Page 3, line 9, replace "fifty" with "thirty"

Page 3, line 26, replace "fifty" with "thirty"

Page 3, line 28, replace "one hundred" with "sixty"

Page 3, line 30, replace "fifty" with "thirty"

Page 4, line 5, replace "fifty" with "thirty"

Page 4, line 7, replace "fifty" with "thirty"

Page 5, line 1, replace "fifty" with "thirty"

Page 5, line 2, replace "one hundred" with "sixty"

Page 5, line 4, replace "fifty" with "thirty"

Renumber accordingly

2009 TESTIMONY

HB 1068

**TESTIMONY OF PATRICK WARD IN OPPOSITION TO HB 1068**

Chairman Ruby and members of the House Transportation Committee

My name is Patrick Ward. I am a partner in the Bismarck firm of Zuger Kirmis and Smith. I represent State Farm Insurance and the Property and Casualty Insurance Association of America in opposition to this bill. I am also handing out some testimony from Dale Haake of Nodak Mutual in Fargo who could not be here today due to a family tragedy.

ND-HB 1068 (2009) Increases the minimum mandatory auto insurance liability limits from 25/50/25 to 50/100/50.

While the author of the bill certainly has good intentions, we think the unintended consequences of the bill for North Dakota could be quite far reaching. Like most states, ND requires drivers to have auto liability insurance before they can legally drive a car. (Liability insurance pays the other driver's medical, car repair and other costs when the policyholder is at fault in an auto accident.) North Dakota sets the minimum amounts of insurance that drivers have to pay for the harm caused by their negligence behind the wheel if an accident occurs. The public generally supports this law and wants this law enforced.

We are fortunate in North Dakota in many ways. One is that auto insurance is one of the best bargains in America. In fact, North Dakota's auto insurance rates are among the lowest in the nation. An increase to the proposed minimum limits would raise liability rates which could have the unintended consequence of raising the number of uninsured drivers on the road.

High minimum limits can be counterproductive. They aggravate problems of insurance affordability for some drivers, and thus cause more uninsured drivers to be on the road. By increasing the minimum mandatory limits, auto insurance becomes less affordable for certain cash-poor/higher risk populations such as youthful males.

One example is an 18 year old male in State Farm Mutual company from Fargo-- assuming he does not qualify for any discounts or surcharges. If he drove a 2004 model year vehicle with an average safety rating his BIPD rate would be \$1149.00/yr with 25/50/25 limits, and \$1241.00 for 50/100/50 limits, an increase of 8% or \$92. The premium for an 18 year old male could be lower if he qualified for discounts or drove a safer car, but could also increase quite a bit if he had a bad driving record and was in the Fire Company. Note, that this annual premium does NOT include his collision coverage, comprehensive coverage, or his no fault coverage.

Based on another company's rate manual, drivers with policy limits less than 50/100/50 would have liability rate increases ranging from 11% to 16%. A percentage breakdown by territory is as follows:

change in  
BI, PD, UM

15.8 %	Christine, Horace, West Fargo, Fargo, Wahpeton
13.2 %	Bismarck, Mandan
12.6 %	Grand Forks
11.2 %	Minot, Sawyer, Surrey
15.5 %	All Other

Based on the Fast Track Monitoring System report in 2007, North Dakota's PD liability claims were on average about \$2,100 per accident. State Farm average for PD claims was \$2,078 in 2007 and \$2,292 in 2008. These amounts are much lower than the proposed \$50,000 limit property damage. In light of today's financial crisis, most people should not be asked to pay higher premiums for coverage that is excessive and unwarranted.

No other state in the nation has financial responsibility limits of 50/100/50. Only four states (Alaska, Maine, Minnesota, and North Carolina) have limits that are higher than the current North Dakota limits of 25/50/25, while 17 states have limits that are lower. I am providing you a copy of a report from the Insurance Information Institute which charts the minimum limits in all 50 states. North Dakota's minimum liability limits are in line with the vast majority of states, and should remain as such.

Agents already have the ability to counsel their clients on the need for higher-than-minimum limits. Basically, we don't feel policyholders should be forced to pay higher premiums for Liability Coverage they may not need or want.

Insurance agents in North Dakota have done a good job of writing higher limits, so legislation doesn't appear to be needed. The great majority of State Farm auto policyholders already maintain limits greater than 25/50/25; in fact only 2.5% of our customers currently are at the 25/50/25 limits, which is approximately 2,000 policy holders.

Policyholders have the ability to purchase high "U" limits, to protect themselves against uninsured or underinsured motorists. This would seem to be a more fair approach, than mandating increased limits, where everyone would have to bear the cost.

In a recent press release on the Insurance Research Council's upcoming UM study, scheduled for release this month. North Dakota's 2007 uninsured motorist population is now estimated to be 5 percent, third lowest in the nation. It was 8.7 percent a few years ago.

We oppose HB 1068 and urge a Do Not Pass on this bill.

Hand-out # 1

PREMIUM COMPARISON FOR

INCREASED LIMITS OF LIABILITY

"North Dakota"

Comparison of six-month premiums for Personal Auto Liability Coverage based upon four typical risks.

			<u>Co. A</u>	<u>Co. B</u>	<u>Co. C</u>
#1: Male	Age 19	Clean Record	BI- \$25/\$50, PD-\$25, BI- \$50/\$100 PD-\$50 Add'l Premium	\$491 \$503 + \$ 12	\$393 \$435 + \$ 42
					\$381 \$418 + \$ 37
#2: Male	Age 19	Violations	BI- 25/\$50 PD-\$25 BI- \$50/\$100 PD- \$50 Add'l Premium	\$522 \$535 + \$ 13	\$471 \$520 + \$ 49
					\$491 \$542 + \$ 51
#3: Male	Age 40	Clean Record	BI- \$25/\$50 PD-\$25 BI- \$50/\$100 PD- \$50 Add'l Premium	\$248 \$255 + \$ 7	\$119 \$132 + \$ 13
					\$146 \$162 + \$ 16
#4: Male	Age 40	Violations	BI- \$25/\$50 PD-\$25 BI- \$50/\$100 PD-\$50 Add'l Premium	\$290 \$295 + \$ 5	\$160 \$177 + \$ 17
					\$214 \$238 + \$ 24

Prepared by Professional Insurance Agents of ND

[1-15-09]

Handout #2



# Insurance Information Institute

110 William Street, New York, NY 10038 Tel. 212 346-5500

*Same  
handout  
given to  
Senate.*

## Compulsory Auto/Uninsured Motorists

### THE TOPIC

OCTOBER 2008

Most states require drivers to have auto liability insurance before they can legally drive a car. (Liability insurance pays the other driver's medical, car repair and other costs when the policyholder is at fault in an auto accident.) All states have laws that set the minimum amounts of insurance or other financial security that drivers have to pay for the harm caused by their negligence behind the wheel if an accident occurs. The public generally supports compulsory auto insurance and wants these laws enforced.

Liability insurance is compulsory in 48 states and the District of Columbia. Only New Hampshire and Wisconsin do not have compulsory auto insurance liability laws. Laws in most states have proven ineffective in reducing the number of drivers who are uninsured. There are many reasons for this. Some drivers can't afford insurance and some drivers with surcharges for accidents or serious traffic violations don't want to pay the high premiums that result from a poor driving record. With the estimated percentage of uninsured drivers in the United States close to 15 percent, it is costly to track down violators of compulsory insurance laws. And unless the odds of getting caught are high and the penalties severe, drivers will continue to flout the law.

A handful of states have passed laws and begun to develop and implement online auto insurance verification systems to identify uninsured motorists. These systems require insurers to maintain up-to-date databases of insured motorists that can be accessed by law enforcement officers instantly when motorists are stopped for traffic infractions.

### RECENT DEVELOPMENTS

- Under a law enacted in July 2008, motorists in North Carolina will be required to purchase uninsured and underinsured coverage. The law goes into effect January 1, 2009.
- Insurers in Idaho will be required to offer underinsured motorist coverage to their policyholders for medical bills that exceed the amount that another driver's insurance will pay. Although this coverage will not be compulsory, motorists will have to sign a form if they reject the coverage. The law will take effect January 1, 2009. Previously, Idaho was one of only a handful of states that did not require insurers to offer underinsured coverage.
- Minimum liability limits in Louisiana will increase from 10/20/10 to 15/30/25, or \$15,000 per person and \$30,000 per accident for bodily injury or death and \$25,000 for property damage. The new limits will go into effect for new policies written on or after January 1, 2010. The governor allowed the legislation to become law without his approval in July 2008.
- The minimum liability limits in Utah will increase from 25/50/15 to 25/65/15. The new law, which goes into effect on January 1, 2009, increases the limit for bodily injury or death to two or more people in an accident.
- Minimum liability limits in Alabama will increase from 20/40/10 to 25/50/25. The new legislation—which increases the limits to \$25,000 per person and \$50,000 per accident for bodily injury or death and \$25,000 for property damage—will take effect on or after August 30, 2008 for new business and on or after November 28, 2008 for renewal policies.
- **Web-based Auto Insurance Verification Systems:** In Texas a Web-based auto insurance



verification system using a database that can be searched to determine if a driver has auto insurance was implemented statewide in October 2008, after a successful field test conducted in the Austin area. By that time, an estimated one in five vehicles, about 4 million, did not have proper insurance, according to TexasSure, the verification program. The program, funded by a \$1 fee on vehicle registrations, allows law enforcers and others to instantly verify whether a motorist has the minimum insurance required by law. The program—a joint effort by the Texas Departments of Public Safety, Transportation and Insurance—uses a central database maintained by a private vendor from records supplied by insurers. (See also Background: Computer Databases.)

- The Utah Department of Public Safety launched a Web-based insurance verification system pilot program in March 2008. Utah's program is based on a system developed by the Insurance Industry Committee on Motor Vehicle Administration, which provides police officers with a standard online method of verifying insurance coverage during traffic stops. A similar system has been tested in Florida. (See also Background: Computer Databases.)
- **Low-cost Auto Policies:** A few states with large urban populations and high auto insurance premiums have created programs to encourage drivers to purchase coverage. In California low-cost policies are available to low-income drivers who meet income and good driver eligibility requirements. The program was originally set up in 1999 for drivers in Los Angeles and San Francisco counties. By the end of 2007, low-cost auto policies had become available to all drivers in the state. To be eligible, vehicles insured through the program must not exceed \$20,000 in value. Another provision limits the number of low-cost policies to two per person. According to the Property Casualty Insurers Association of America, the number of low-cost auto insurance policies assigned during the first four months of 2008 fell by 23.4 percent compared with the same period in 2007. Of note, low-cost auto policies were available in only 16 counties in the first four months of 2007. Now, low-cost auto policies are available in all 58 California counties.

### AUTOMOBILE FINANCIAL RESPONSIBILITY LIMITS AND ENFORCEMENT BY STATE

As of October 2008

State	Insurance required (2)	Minimum liability limits (3)	Proof of insurance required (1)			Insurer verification of insurance (4)
			At registration	At time of accident	At all times in vehicle	
AL	BI & PD Liab	25/50/25*	Yes	Yes	Yes	c
AK	BI & PD Liab	50/100/25	No	No (5)	Yes	b
AZ	BI & PD Liab	15/30/10	No (6)	Yes	Yes	a,b,d
AR	BI & PD Liab, PIP	25/50/25	Yes	No	No	b,d
CA	BI & PD Liab	15/30/5 (7)	Yes	Yes	Yes	a,b,d
CO	BI & PD Liab	25/50/15	Yes	Yes	Yes	a,d
CT	BI & PD Liab, UM, UIM	20/40/10	Yes	Yes	Yes	a
DE	BI & PD Liab, PIP	15/30/10	No	Yes	Yes	b,c,d

DC	BI & PD Liab, UM	25/50/10	Yes	Yes	Yes	a,c
FL	PD Liab, PIP	10/20/10 (8)	Yes	Yes	Yes	a,d
GA	BI & PD Liab	25/50/25	Yes	Yes	Yes	a,d
HI	BI & PD Liab, PIP	20/40/10	No	Yes	Yes	a
ID	BI & PD Liab	25/50/15	No	Yes	Yes	none
IL	BI & PD Liab, UM	20/40/15	Yes	Yes	Yes	b,c
IN	BI & PD Liab	25/50/10	Yes	Yes	No	a
IA	BI & PD Liab	20/40/15	No	Yes	Yes	a
KS	BI & PD Liab, PIP, UM	25/50/10	Yes	No	No	a
KY	BI & PD Liab, PIP	25/50/10	Yes	Yes	Yes	a,d
LA	BI & PD Liab	10/20/10**	Yes	No (5)	Yes	a,d
ME	BI & PD Liab, UM, UIM	50/100/25 (9)	No	Yes	Yes	a,b
MD	BI & PD Liab, PIP (10), UM	20/40/15	Yes	No	No	a
MA	BI & PD Liab, PIP, UM	20/40/5	Yes	No	No	a,d
MI	BI & PD Liab, PIP	20/40/10	Yes	No	No	a
MN	BI & PD Liab, PIP, UM, UIM	30/60/10	No	Yes	Yes	c
MS	BI & PD Liab	25/50/25	No	Yes	Yes	a
MO	BI & PD Liab, UM	25/50/10	Yes	Yes	Yes	a,d
MT	BI & PD Liab	25/50/10	No	Yes	Yes	a
NE	BI & PD Liab	25/50/25	Yes	Yes	Yes	a,b
NV	BI & PD Liab	15/30/10	No	Yes	Yes	a,d
NH	FR only, UM	25/50/25	No	No (5)	No	None
NJ	BI & PD Liab, PIP, UM	15/30/5 (11)	No	Yes	Yes	a,d
NM	BI & PD Liab	25/50/10	Yes	No	No	a,c,d
NY	BI & PD Liab, PIP, UM	25/50/10 (12)	Yes	Yes	Yes	a,d
	BI & PD					

NC	Liab, UM, UIM***	30/60/25	No	No	No	a,d
ND	BI & PD Liab, PIP, UM	25/50/25	No	No (5)	No	c
OH	BI & PD Liab	12.5/25/7.5	No	Yes	Yes	a (13),c
OK	BI & PD Liab	25/50/25	Yes	Yes	Yes	a,d
OR	BI & PD Liab, PIP, UM	25/50/10	No	Yes	Yes	a,c
PA	BI & PD Liab, PIP	15/30/5	No	Yes	Yes	a
RI	BI & PD Liab, UM	25/50/25 (8)	No	No	No	c
SC	BI & PD Liab, UM	25/50/25	Yes	Yes	Yes	a,d
SD	BI & PD Liab, UM	25/50/25	No	Yes	Yes	a
TN	BI & PD Liab	25/50/10 (8)	No	No	Yes	a
TX	BI & PD Liab	25/50/25****	Yes	Yes	No	d
UT	BI & PD Liab, PIP	25/50/15 (8)*****	No	Yes	Yes	d
VT	BI & PD Liab, UM, UIM	25/50/10	No	Yes	Yes	c
VA	BI & PD Liab, UM	25/50/20	No	No	No	a,b,c,d
WA	BI & PD Liab	25/50/10	No	No	No	a
WV	BI & PD Liab, UM	20/40/10	Yes	Yes	Yes	a
WI	FR only, UM	25/50/10	No	No	No	a
WY	BI & PD Liab	25/50/20	Yes	Yes	Yes	c,d

(1) Physical proof of valid insurance. The form of evidence varies by state and may take the form of an insurance policy, binder, certificate of self-insurance, surety bonds or certificate of deposit. Many states require insurance identification cards issued by the insurer. "No" in the "At Registration" column indicates that no physical proof of insurance is required, or that the state only requires the driver to identify the insurer and/or policy number on an application (i. e., "self-certification"). "Yes" in the "At all times" column indicates states where drivers must produce proof on demand.

(2) Compulsory Coverages:

BI Liab=Bodily injury liability

PD Liab=Property damage liability

UM=Uninsured motorist

PD=Physical damage

Med=First party (policyholder) medical expenses

UIM=Underinsured motorist

PIP=Personal Injury Protection. Mandatory in no-fault states. Includes medical, rehabilitation, loss of earnings and funeral expenses. In some states PIP includes essential services such as child care.

FR=Financial responsibility only. Insurance not compulsory.

(3) The first two numbers refer to bodily injury liability limits and the third number to property liability. For example, 20/40/10 means coverage up to \$40,000 for all persons injured in an accident, subject to a limit of \$20,000 for one individual, and \$10,000 coverage for property damage.

(4) a. Insurer must notify Department of Motor Vehicles or other state agency of cancellation or nonrenewal.

b. Insurer must verify financial responsibility or insurance after an accident or arrest.

c. Insurer must verify randomly selected insurance policies upon request.

d. Insurers must submit entire list of insurance in effect, which may be compared with registrations at a state agency. Also known as a computer data law. Also includes cases where insurers are required to report new issues and/or renewals.

(5) Insured must provide evidence of insurance at some point after the accident to the Department of Insurance, other state agency, or law enforcement officer. Deadlines vary among the states.

(6) Proof of insurance must be presented within 30 days of registration.

(7) Low-cost policy limits for low-income drivers in the California Automobile Assigned Risk Plan are 10/20/3.

(8) Instead of policy limits, policyholders can satisfy the requirement with a combined single limit policy. Amounts vary by state.

(9) In addition, policyholders must also carry at least \$1,000 for medical payments.

(10) May be waived for the policyholder but is compulsory for passengers.

(11) Basic policy (optional) limits are 10/10/5. Uninsured and underinsured motorist coverage not available under the basic policy but uninsured motorist coverage is required under the standard policy.

(12) In addition, policyholders must have 50/100 for wrongful death coverage.

(13) For high risk drivers only.

\*Effective for renewal policies on or after November 28, 2008.

\*\*Minimum coverage requirements will increase to 15/30/25 on January 1, 2010.

\*\*\*Uninsured and underinsured coverage compulsory effective January 1, 2009.

\*\*\*\*Minimum coverage requirements will increase to 30/60/30 on January 1, 2011.

\*\*\*\*\*Minimum coverage requirements will increase to 25/65/15 on January 1, 2009.

Source: Property Casualty Insurers Association of America; state departments of insurance and motor vehicles.

The chart above provides a state-by-state overview of minimum auto liability limits and the measures used to enforce compulsory liability laws. For each state the insurance required by state law is listed. Coverages that may be rejected by the policyholder, either in writing or verbally (i.e., are not mandatory) have been excluded.

Increasingly, laws are being passed that expand the role of the insurer in verifying compliance with compulsory liability laws and aiding in their enforcement. Insurance companies often work in conjunction with state motor vehicle departments to verify insurance coverage. Most states have laws that specify that insurers must notify the motor vehicle department when a policy is cancelled or not renewed. In some states, insurers are asked to verify the existence of insurance at the time that a specific accident occurred. In other states, insurers are given lists of randomly selected auto registrations, which they are asked to match up with insurance policies that the motorists claim were in effect. Newer laws, known as computer data laws, require an insurer to submit its entire list of automobile liability policies, updated at specified intervals, to a state agency such as the motor vehicle department. The state agency can use the lists to verify registration applicants' declarations that insurance is in effect. (See also Background: Computer Databases.)

Penalties for driving without compulsory insurance include fines, which can be as high as \$5,000 for a subsequent offense, to license or registration suspension or revocation. Some states can impose jail time, confiscate license plates and impound vehicles.

### BACKGROUND

In 1927 Massachusetts became the first state to require the purchase of auto liability insurance. Since then 48 states and the District of Columbia have followed suit. Such laws usually have the support of the public despite the fact that compliance with such laws is generally poor and enforcement activities are costly. Compulsory auto insurance laws do nothing to protect drivers involved in accidents with drivers of stolen vehicles or drivers from one of the two states where insurance is not compulsory, drivers of unregistered vehicles, the insurance dodger who cancels a policy immediately after receiving a proof-of-insurance certificate and the hit-and-run driver.

**Uninsured Motorists:** It is hard to assess the extent of the uninsured motorist problem and devise an effective way to deal with it. According to the latest study by the Insurance Research Council (IRC), the estimated percentage of uninsured drivers in the United States increased from 12.7 percent in 1999 to 14.6 percent in 2004. The IRC's study, released in 2006, used the ratio of insurance claims made by people who were injured by uninsured drivers to claims made by people who were injured by insured drivers to estimate the proportion of uninsured drivers. The three states with the highest uninsured driver estimates were Mississippi (26 percent), Alabama (25 percent) and California (25 percent). The three states with the lowest uninsured driver estimates were Maine (4 percent), Vermont (6 percent) and Massachusetts (6 percent).

The National Association of Insurance Commissioners (NAIC) has suggested that strict enforcement of compulsory auto insurance laws, with mandatory and "significant" fines for first time offenders, may be the key to lowering the uninsured motorist population. In 1989 it identified North Carolina as having one of the highest rates of compliance at the time (96.6 percent) and one of the strictest and swiftest enforcement programs. The NAIC said the program's effectiveness relied largely upon the cooperation of the state's insurance and motor vehicle departments, insurers, and state and local law enforcement agencies—following up on reports of insurance policy cancellations, for example, to make sure that new policies were purchased or that the license plates were turned in. Such cooperation may not be possible in states with larger metropolitan areas, where other law enforcement priorities may limit the resources devoted to enforcing compulsory auto liability insurance laws. A 2002 study from Florida State University's College of Business also noted the positive effect of compulsory laws combined with high noncompliance fines saying that states that had this combination from 1995 to 1997 were able to decrease their uninsured motorist rates. While high fines were found to be an effective deterrent, jail time for noncompliance was not, probably, as the authors said, because motorists don't believe that the penalty will be enforced.

Compulsory auto liability insurance is not necessarily the most effective solution. A 1994 study by the National Association of Independent Insurers (now known as PCI) found that New Hampshire, a state that does not have compulsory insurance laws, had a smaller percentage of uninsured drivers than the nearby states of Rhode Island, Vermont and Connecticut. Only 10 other states had fewer uninsured drivers. New Hampshire also had the lowest percentage of uninsured drivers—9.5 percent—of all the states without compulsory laws.

Affordability influences decisions about whether to purchase auto insurance. Risk Information, Inc. found that the 1995 Insurance Research Council (IRC) uninsured motorist rates by state, when compared with average personal auto insurance expenditures from the NAIC, points to cost, along with enforcement and culture, as factors in decisions not to buy compulsory coverage. For instance, some states such as New Jersey, New York and Louisiana have high insurance costs, especially when measured against median family income, yet their uninsured motorist rates were 12 percent or less at the time of the study. On the other hand, Alabama had an uninsured rate of 28 percent even though coverage cost much less there.

**Computer Databases:** Insurer verification laws mandating that all insurance companies in a state submit the entire list of their policyholders to an outside vendor, which matches them to motor vehicle registrations, were also expected to help solve the uninsured motorist problem. Such a system was thought to be promising by promoting compliance with the law since it would increase the odds of being caught driving uninsured. However, a number of states have reported having problems administering this system, which in some states has had a high error rate, including "mismatch" problems. Mismatch can occur when insurers and the motor vehicle or regulation department have conflicting or erroneous records that mistakenly flag policyholders as flouting the law. Some states now use vehicle identification numbers instead of names. In New York insurers began issuing bar-coded insurance cards in late 2000, the first state to use them; however, the Property Casualty Insurers Association of America (PCI) says that New York's system is so complex that it has cost some insurers up to \$1 million to comply.

The Insurance Industry Committee on Motor Vehicle Administration (IICMVA) has developed an industry-supported Web service system that would create a single online verification system. A state's Department of Motor Vehicles or law enforcement division would use a Web portal to insurer data to access real-time information about whether a motorist had insurance. The IICMVA proposal also established guidelines for state-to-state uniformity. The system has been tested as a pilot program in Florida.

PCI said in July 2004 that unlicensed and uninsured drivers were involved in more than 20 percent of fatal crashes in the United States. Despite compulsory insurance laws in 47 states at that time, and reporting systems in 23 states, uninsured motorists still accounted for 4 to 34 percent of all drivers in those 23 states. A PCI spokesperson said that state reporting systems were costly, difficult to maintain and result in mismatches 15 to 20 percent of the time, thus harassing law-abiding drivers. However by mid-2007, PCI characterized Web-based online verification systems as the dominant developing trend in compulsory automobile insurance. Systems utilizing the IICMVA protocols have shown improvements in eliminating mismatches. In Texas, the verification program was implemented state-wide in October 2008. Florida was the first state to start a pilot program, followed by Wyoming, where three insurers are testing the pilot program. Laws in Wyoming and Oklahoma required online verification systems to be implemented by July 1, 2008.

**Other Solutions to the Uninsured Motorist Problem:** Over the years various proposals for dealing with the uninsured motorist problem have been put forward. Unsatisfied judgment funds were set up in a few states to provide a source of funds for accident victims when the at-fault party has no means of paying a judgment, but their effectiveness proved to be limited. A more effective remedy is uninsured (and underinsured) motorist coverage that provides compensation to policyholders when an at-fault motorist has no liability insurance (or insufficient amounts) or when the at-fault motorist is a hit-and-run driver. Like unsatisfied judgment funds, this program does nothing to reduce the number of uninsured motorists but it does provide a way for individual drivers to deal with the financial consequences of accidents with hit-and-run or uninsured drivers. In about 20 jurisdictions, uninsured motorist coverage is mandatory. In other states, insurers are required to offer the coverage but a driver does not have to purchase it. Only a handful of states require drivers to purchase underinsured motorist coverage.

The price of uninsured motorist coverage varies considerably from state to state, depending in part on the percentage of drivers who are uninsured. The price is also influenced by whether the amount available to pay claims can be increased by "stacking," a practice that works to the benefit of people who own more than one insured vehicle. In states where stacking is not specifically prohibited,

liability limits under the uninsured motorist coverage may be multiplied by the number of cars insured under a single policy or may be added together where multiple vehicles are insured under different policies. Thus, in a three-car family, where uninsured motorist liability limits are \$20,000, in a state that does not prohibit stacking, the amount available to pay a claim in an accident with an uninsured driver would be \$60,000. Because stacking drives up the cost of auto insurance, most states now prohibit stacking. However some states, such as Missouri, Arizona and Pennsylvania have upheld stacking provisions.

No-fault insurance laws also provide some relief from the problem of uninsured motorists. Under no-fault auto insurance plans, accident victims can collect benefits from their own insurance companies, regardless of whether the other party has insurance coverage (see paper on no-fault auto insurance for more information).

**“No Pay, No Play”:** In response to public concerns that those who obey compulsory laws subsidize scofflaws, legislators in more than 20 states have proposed “no pay, no play” laws that ban uninsured drivers from suing for noneconomic damages such as pain and suffering. Five states—Alaska, Michigan, California, Louisiana and New Jersey—have enacted such laws. In Michigan uninsured drivers who are 50 percent or more at fault cannot collect noneconomic damages in the event of an auto accident. California’s plan (Proposition 213) goes further by curtailing lawsuits for drunk drivers as well as for those who are uninsured. Louisiana’s law compels uninsured motorists to pay for the first \$10,000 in out-of-pocket medical expenses and the first \$10,000 in property damage before they can sue the other party. New Jersey’s law, similar to California’s Proposition 213, specifies that uninsured and drunk drivers, as well as motorists who intentionally commit other crimes, may not file lawsuits for economic or noneconomic damages. These laws were upheld in New Jersey and Louisiana. A related issue was addressed in Iowa where the governor signed a bill prohibiting motorists from collecting noneconomic damages for injuries resulting from an accident if the motorist was using the vehicle while committing a felony.

**Low-cost Policies:** Low-cost auto policies are designed for drivers who cannot afford regularly priced auto policies or who have little or no assets to protect. New Jersey’s Basic Policy offers \$15,000 in personal injury protection, up to \$250,000 in medical benefits for catastrophic injuries and \$5,000 property damage liability. Policyholders have the option to buy \$10,000 bodily injury liability coverage but they cannot buy uninsured, underinsured or collision and comprehensive coverage. The newer Dollar-A-Day policy provides emergency medical care coverage immediately after an accident and \$10,000 death benefits but no coverage for liability.

California’s program for low-income drivers is administered by the California Assigned Risk Program. Every auto insurer doing business in the state must take their “fair share” of applicants. Only drivers over age 19 with good driving records and low incomes (up to 250 percent of the poverty level) are eligible. Applicants must have motor vehicles valued at \$20,000 or less. Rates are set in each county so that premiums are sufficient to cover losses and expenses in each county. The policy provides up to \$10,000 in liability coverage for one person involved in an accident and up to \$20,000 for more than one person. It also includes payment options, allowing a 15 percent deposit and six monthly installments, optional \$10,000/\$20,000 uninsured motorist bodily injury coverage and \$1,000 medical payments coverage.

Colorado has a low-cost plan for families with incomes of up to \$31,000 per year that provides a maximum benefit of \$25,000 for medical expenses or personal injury protection. However, as of January 2004, insurers are no longer required by law to offer these policies.

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Testimony # 2  
Attach 2

## **IN OPPOSITION TO HB 1068**

### **Dale Haake, Representing Nodak Mutual Insurance**

Chairman Ruby, members of the committee, my name is Dale Haake, and I represent Nodak Mutual Insurance of Fargo, North Dakota where I am employed as the Director of Casualty Claims. I am here today to testify in opposition to HB 1068.

One would normally think that an insurance company would be in favor of mandating more insurance coverage. However, that is not the case. For as well intentioned as this bill may be, I fear the reality is that it will bring about more harm than good.

Many other states have raised their limits over the years, and the statistics have shown that when this has occurred, there has been a corresponding increase in the number of uninsured drivers on the road. This obviously produces a serious negative effect for the citizens of those states where this occurs. It is not the conscientious insurance buyer who becomes uninsured, nor does the problem lie with the person who deliberately decides not to purchase insurance at any price. Rather, it is the "marginal" insured. This is the person who is willing to buy the coverage as long as it is inexpensive enough or as long as his budget is not stressed. However, when there is an increase in the cost, small though it may be, this will cause either anger over the increase, resulting in a decision to drop the coverage all together, or the person will feel a true stress on their budget and will

feel forced to make a decision on what to exclude. All too often they decide to exclude their insurance coverage.

When there is an increase in uninsured drivers on the road, we see a corresponding increase in Uninsured Motorist claims for bodily injury, Collision losses where the carrier has no one to collect their damages from, and an increase in medical claims with no carrier to handle the No-fault coverage. This places added burden directly onto those citizens who have chosen to insure themselves. This burden comes in the form of increased premiums needed to pay for damages which can not be recovered from the responsible parties.

Only a few states have limits higher than North Dakota currently has. Quite a number have limits less than North Dakota currently has, and a great many have limits comparable to what North Dakota currently has. I encourage you to leave the limits as currently required. The sale of higher limits to those customers who have need for them is the responsibility of the individual insurance agent. It is not something which should be legislated. Rather, it is the responsibility of the legislature to create an environment which encourages and makes available insurance coverage to the greatest number of people.

In conclusion, I ask that you vote against the passage of this bill.

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1068

Page 1, line 12, replace "fifty" with ":

a. Fifty"

Page 1, line 16, after "accident" insert ";

b. One hundred thousand dollars combined single limit for bodily injury or death of and injury to or destruction of property of others"

Page 2, replace lines 19 through 26 with:

**"39-16.1-02. Proof of financial responsibility defined.** "Proof of financial responsibility" means proof of ability to respond in damages for liability, on account of accidents occurring after the effective date of said proof, arising out of the ownership, maintenance, or use of a motor vehicle, in the same amount of twenty five thousand dollars because of bodily injury to or death of one person in any one accident, and, subject to said limit for one person, in the amount of fifty thousand dollars because of bodily injury to or death of two or more persons in any one accident, and in the amount of twenty five thousand dollars because of injury to or destruction of property of others in any one accident as provided under subsection 58 of section 39-01-01."

Page 3, replace lines 26 through 31 with "~~such motor vehicle, as follows: twenty five thousand dollars because of bodily injury to or death of one person in any one accident and subject to said limit for one person, fifty thousand dollars because of bodily injury to or death of two or more persons in any one accident, and twenty five thousand dollars because of injury to or destruction of property of others in any one accident~~ the same amount as provided under subsection 58 of section 39-01-01."

Page 4, line 31, overstrike the colon

Page 5, replace lines 1 through 7 with "~~thousand dollars because of bodily injury to or death of one person in any one accident and, subject to the limit for one person, fifty thousand dollars because of bodily injury to or death of two or more persons in any one accident, and twenty five thousand dollars because of injury to or destruction of property of others in any one accident~~ the same amount as provided under subsection 58 of section 39-01-01. Upon request of a law enforcement officer, a person operating a snowmobile shall provide proof of liability insurance to that officer within twenty days."

Renumber accordingly

Attachment # 3B

**Wald, Francis J.**

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**From:** Maslowski, Larry L.  
**Sent:** Wednesday, January 14, 2009 11:57 AM  
**To:** Wald, Francis J.  
**Cc:** Ternes, Rebecca L.; Hamm, Adam W.  
**Subject:** Minimum liability limits

Frank,

Rebecca asked me to get the following information to you:

The compulsory automobile minimum liability limit was created in 1967 with limits of \$10,000/\$20,000/\$5,000

The limits were changed in 1979 to \$25,000/\$50,000/\$10,000.

The limits were last changed in 1985 to the current level of \$25,000/\$50,000/\$25,000

Larry Maslowski  
701-328-4976

PREMIUM COMPARISON FOR

INCREASED LIMITS OF LIABILITY

"North Dakota"

Comparison of six-month premiums for Personal Auto Liability Coverage based upon four typical risks.

			<u>Co. A</u>	<u>Co. B</u>	<u>Co. C</u>
#1: Male	Age 19	Clean Record	BI- \$25/\$50, PD-\$25, BI- \$50/\$100 PD-\$50 Add'l Premium	\$491 \$393 \$503 + \$ 12	\$381 \$418 + \$ 37
#2: Male	Age 19	Violations	BI- 25/\$50 PD-\$25 BI- \$50/\$100 PD- \$50 Add'l Premium	\$522 \$535 + \$ 13	\$491 \$542 + \$ 51
#3: Male	Age 40	Clean Record	BI- \$25/\$50 PD-\$25 BI- \$50/\$100 PD- \$50 Add'l Premium	\$248 \$255 + \$ 7	\$146 \$162 + \$ 16
#4: Male	Age 40	Violations	BI- \$25/\$50 PD-\$25 BI- \$50/\$100 PD-\$50 Add'l Premium	\$290 \$295 + \$ 5	\$214 \$238 + \$ 24

Prepared by Professional Insurance Agents of ND

[1-15-09]

TESTIMONY OF PATRICK WARD IN OPPOSITION TO HB 1068

Chairman Lee and members of the Senate Transportation Committee

March 12, 2009

My name is Patrick Ward. I am a partner in the Bismarck firm of Zuger Kirmis and Smith. I represent State Farm Insurance and the Property and Casualty Insurance Association of America in opposition to this bill.

HB 1068 would increase the minimum mandatory auto insurance liability limits from 25/50/25 to 50/100/50. This bill came out of the House Transportation Committee with an 11-3 Do Not Pass, but was turned on the floor when industry assumed it would be killed. We failed in not working it on the floor. We will not make that mistake again.

While the sponsor of the bill certainly has good intentions, we think the unintended consequences of the bill for North Dakota could be quite far reaching. Like most states, ND requires drivers to have auto liability insurance before they can legally drive a car. (Liability insurance pays the other driver's medical, car repair and other costs when the policyholder is at fault in an auto accident.) North Dakota sets the minimum amounts of insurance that drivers are required to have to pay for the harm caused by their negligence behind the wheel if an accident occurs.

North Dakota's auto insurance rates are among the lowest in the nation. An increase to the proposed minimum limits would raise the cost of liability premiums which would likely have the unintended consequence of raising the number of uninsured drivers on the road.

High minimum limits can be counterproductive. They aggravate problems of insurance affordability for some drivers, and thus cause more uninsured drivers to be on the road. By increasing the minimum mandatory limits, auto insurance becomes less affordable for certain cash-poor/higher risk populations such as youthful males.

One example is an 18 year old male in State Farm Mutual company from Fargo-- assuming he does not qualify for any discounts or surcharges. If he drove a 2004 model year vehicle with an average safety rating his base rate for BI and PD would be \$1149.00/yr with 25/50/25 limits, and \$1241.00 for 50/100/50 limits, an increase of 8% or \$92 in the base rate. The premium for an 18 year old male could be lower if he qualified for discounts or drove a safer car, but could also increase quite a bit if he had a bad driving record and was in the Fire Company. Note, that this annual premium does NOT include his collision coverage, comprehensive coverage, or his no fault coverage (which is also a mandatory coverage in ND).

Based on another company's rate manual, drivers with policy limits less than 50/100/50 would have liability rate increases ranging from 11% to 16%. A percentage breakdown by territory is as follows:

change in BI, PD, UM	
15.8 %	Christine, Horace, West Fargo, Fargo, Wahpeton
13.2 %	Bismarck, Mandan
12.6 %	Grand Forks
11.2 %	Minot, Sawyer, Surrey
15.5 %	All Other

Based on the Fast Track Monitoring System report in 2007, North Dakota's PD liability claims were on average about \$2,100 per accident. State Farm average for PD claims was \$2,078 in 2007 and \$2,292 in 2008. These amounts are much lower than the proposed \$50,000 property damage limit. In light of today's financial crisis, most people should not be asked to pay higher premiums for coverage that is excessive and unwarranted.

No other state in the nation has financial responsibility limits of 50/100/50. Only four states (Alaska, Maine, Minnesota, and North Carolina) have limits that are higher than the current North Dakota limits of 25/50/25, while 17 states have limits that are lower. Wyoming just killed a bill to raise the minimums there. I am providing you a copy of a report from the Insurance Information Institute which charts the minimum limits in all 50 states. North Dakota's minimum liability limits are in line with the vast majority of states, and should remain as such.



Agents already have the ability to counsel their clients on the need for higher-than-minimum limits. They can also sell more UM and UIM coverage. Basically, we don't feel policyholders should be forced to pay higher premiums for Liability Coverage they may not need or want. Insurance agents in North Dakota have done a good job of writing higher limits, so legislation doesn't appear to be needed. The great majority of State Farm auto policyholders already maintain limits greater than 25/50/25; in fact only 2.5% of our customers currently are at the 25/50/25 limits, which is approximately 2,000 policy holders. This runs around 5% of all policyholders in other companies.

Policyholders have the ability to purchase high "U" limits, to protect themselves against uninsured or underinsured motorists. This would seem to be a more fair approach, than mandating increased limits, where everyone would have to bear the cost.

In a recent press release on the Insurance Research Council's upcoming UM study, scheduled for release this month. North Dakota's 2007 uninsured motorist population is now estimated to be 5 percent, third lowest in the nation. It was 8.7 percent a few years ago.

We oppose HB 1068 and urge a Do Not Pass on this bill.

1068

## NEWS RELEASE • Insurance Research Council

Date: January 21, 2009

Contact: David Corum  
Phone: 610-644-2212, ext. 7506  
E-mail: [corum@cpcuia.org](mailto:corum@cpcuia.org)

### Economic Downturn May Push Percentage of Uninsured Motorists to All-Time High

**MALVERN, Pa.**—Approximately one in six drivers across the United States may be driving uninsured by 2010, according to a recent study from Insurance Research Council (IRC). Although the estimated percentage of uninsured motorists decreased nationally, from 14.9 percent in 2003 to 13.8 percent in 2007, the recent economic downturn is expected to trigger a sharp rise in the uninsured motorist rate.

The recently released study, *Uninsured Motorists, 2008 Edition*, estimates the percentage of uninsured drivers countrywide and by state for the period 2005 to 2007. The IRC estimates the uninsured driver population using a ratio of insurance claims made by individuals who were injured by uninsured drivers to claims made by individuals who were injured by insured drivers. The study contains recent statistics by state on uninsured motorists claim frequency, bodily injury liability claim frequency, and the ratio of uninsured motorists to bodily injury claim frequencies.

The magnitude of the uninsured motorists problem varied widely from state to state. In 2007, the five states with the highest uninsured driver estimates were New Mexico (29 percent), Mississippi (28 percent), Alabama (26 percent), Oklahoma (24 percent), and Florida (23 percent). The five states with the lowest uninsured driver estimates were Massachusetts (1 percent), Maine (4 percent), North Dakota (5 percent), New York (5 percent), and Vermont (6 percent).

The report also found a strong correlation between the percent of uninsured motorists and the unemployment rate: An increase in the unemployment rate of one percentage point is associated with an increase in the uninsured motorist rate of more than three-quarters of a percentage point. Based on current unemployment rate projections, the percentage of uninsured motorists is expected to rise from 13.8 in 2007 to 16.1 in 2010.

"An increase in the number of uninsured motorists is an unfortunate consequence of the economic downturn and illustrates how virtually everyone is affected by recent economic developments," said Elizabeth A. Sprinkel, senior vice president of the IRC. "Responsible drivers who purchase insurance end up paying for injuries caused by uninsured drivers."

Insurance Research Council  
718 Providence Road • P.O. Box 3025 • Malvern, PA 19355-0725  
Phone (610) 644-2212 • Fax (610) 640-5388  
[www.ircweb.org](http://www.ircweb.org)

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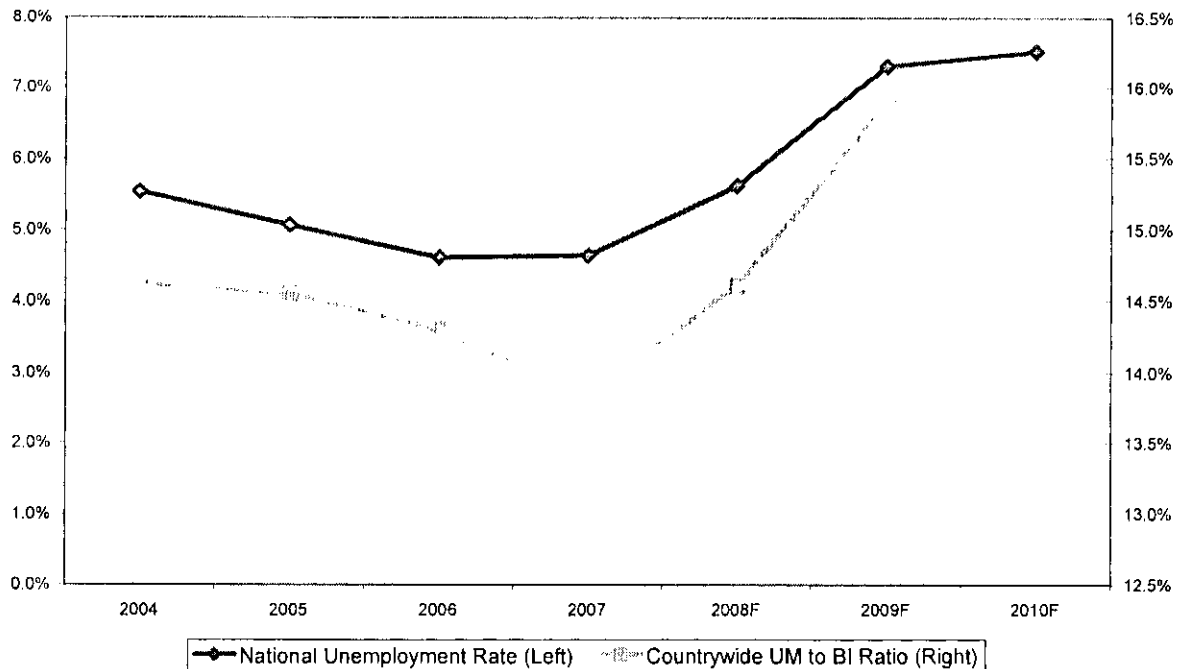
The IRC study examined data collected from nine insurers, representing approximately 50 percent of the private passenger auto insurance market in the U.S. For more detailed information on the study's methodology and findings, contact David Corum by phone at (610) 644-2212, ext. 7506; by fax at (610) 640-5388; or by e-mail at [irc@cpcuia.org](mailto:irc@cpcuia.org); or visit the IRC's Web site at [www.ircweb.org](http://www.ircweb.org). Copies of the study are available for \$125 each in the U.S. (\$140 elsewhere) postpaid from the Insurance Research Council, 718 Providence Rd., Malvern, Pa. 19355-3402. Phone: (610) 644-2212, 7574. Fax: (610) 640-5388.

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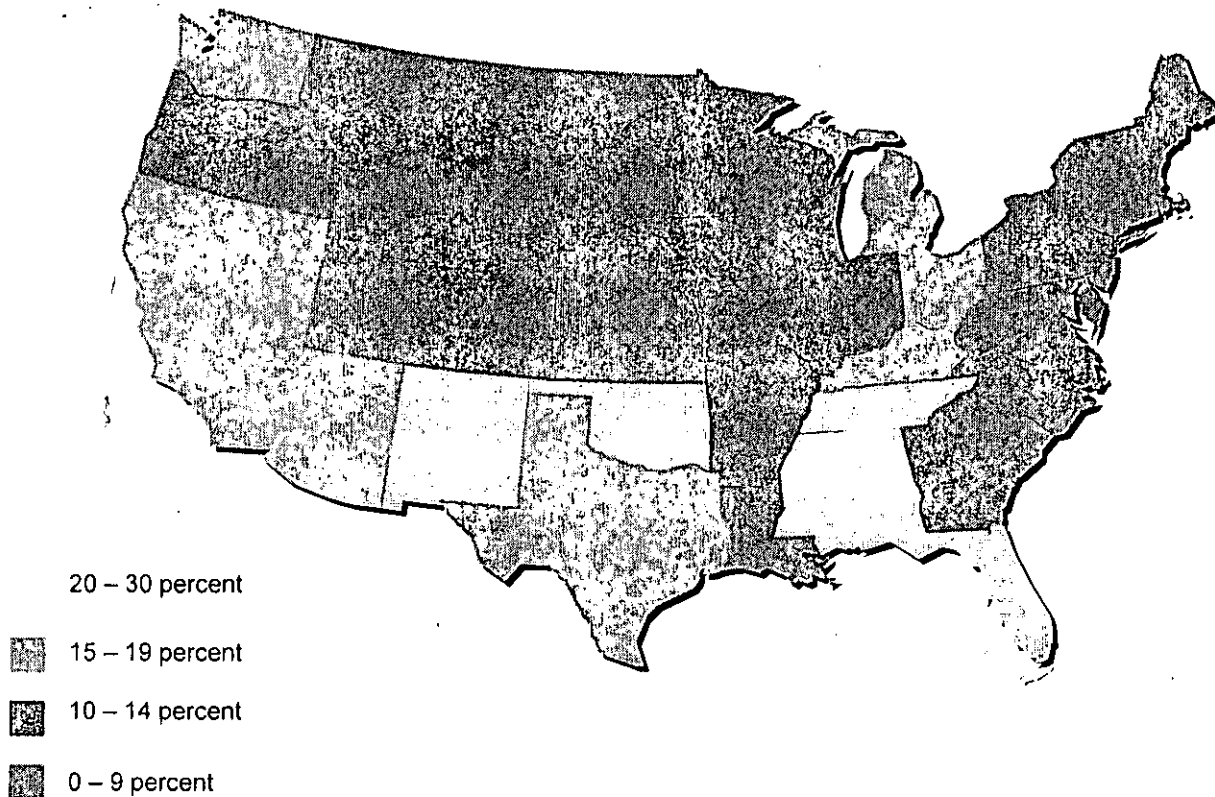
**NOTE TO EDITORS:** The Insurance Research Council is a division of the American Institute for CPCU and the Insurance Institute of America. The Institutes are independent, not-for-profit organizations dedicated to providing educational programs, professional certification, and research for the property-casualty insurance business. The IRC provides timely and reliable research to all parties involved in public policy issues affecting insurance companies and their customers. The IRC does not lobby or advocate legislative positions. It is supported by leading property-casualty organizations.

#### UM to BI Claim Frequency Ratio Expected to Increase

Historical Data: 2004-2007, Forecasts: 2008-2010



**Variation By State of Uninsured Motorists Percentage  
Based on 2007 UM to BI Frequency Ratios**



**Estimated Percentage of Uninsured Motorists by State in 2007**

<u>State</u>	<u>Uninsured</u>	<u>State</u>	<u>Uninsured</u>	<u>State</u>	<u>Uninsured</u>
New Mexico	29%	Montana	15%	Kansas	10%
Mississippi	28%	Colorado	15%	Connecticut	9%
Alabama	26%	D.C.	15%	Virginia	9%
Oklahoma	24%	Indiana	14%	South Carolina	9%
Florida	23%	Missouri	14%	Idaho	9%
Tennessee	20%	Rhode Island	14%	Wyoming	9%
California	18%	Alaska	13%	New Jersey	8%
Arizona	18%	Maryland	12%	Utah	8%
Michigan	17%	Hawaii	12%	Nebraska	8%
Washington	16%	Louisiana	12%	West Virginia	8%
Ohio	16%	Iowa	12%	Pennsylvania	7%
Kentucky	16%	Minnesota	12%	South Dakota	7%
Texas	15%	North Carolina	12%	Vermont	6%
Nevada	15%	Georgia	12%	New York	5%
Arkansas	15%	New Hampshire	11%	North Dakota	5%
Wisconsin	15%	Oregon	11%	Maine	4%
Illinois	15%	Delaware	10%	Massachusetts	1%

## **IN OPPOSITION TO HB 1068**

### **Dale Haake, Representing Nodak Mutual Insurance**

Chair Lee, members of the Senate Transportation committee, my name is Dale Haake, and I represent Nodak Mutual Insurance of Fargo, North Dakota where I am employed as the Director of Casualty Claims. I am here today to testify in opposition to HB 1068.

One would normally think that an insurance company would be in favor of mandating more insurance coverage. However, that is not the case. For as well intentioned as this bill may be, I fear the reality is that it will bring about more harm than good.

Many other states have raised their limits over the years, and the statistics have shown that when this has occurred, there has been a corresponding increase in the number of uninsured drivers on the road. This obviously produces a serious negative effect for the citizens of those states where this occurs. It is not the conscientious insurance buyer who becomes uninsured, nor does the problem lie with the person who deliberately decides not to purchase insurance at any price. Rather, it is the "marginal" insured. This is the person who is willing to buy the coverage as long as it is inexpensive enough or as long as his budget is not stressed. However, when there is an increase in the cost of this insurance, this person all too often chooses to allow the coverage to lapse and becomes an

uninsured driver. Unfortunately, statistics have also shown that this group of "marginal" buyers of insurance have an accident frequency rate well above that of the populace as a whole, worsening the situation when they become uninsured.

When there is an increase in uninsured drivers on the road, we see a corresponding increase in Uninsured Motorist claims for bodily injury, Collision losses where the carrier has no one to collect their damages from, and an increase in medical claims with no carrier to handle the No-fault coverage. This places added burden directly onto those citizens who have chosen to insure themselves. This burden comes in the form of increased premiums needed to pay for damages which can not be recovered from the responsible parties.

Only a few states have limits higher than North Dakota currently has. Quite a number have limits less than North Dakota currently has, and a great many have limits comparable to what North Dakota currently has. I encourage you to leave the limits as currently required. The sale of higher limits to those customers who have need for them is the responsibility of the individual insurance agent. It is not something which should be legislated. Rather, it is the responsibility of the legislature to create an environment which encourages and makes available insurance coverage to the greatest number of people.

In conclusion, I ask that you vote against the passage of this bill.

**TESTIMONY**  
**Before**  
**SENATE TRANSPORTATION COMMITTEE**  
**NORTH DAKOTA LEGISLATIVE ASSEMBLY**  
**In Opposition to**  
**HB 1068**  
**By**  
**American Insurance Association**

Chairman Lee, Committee members, my name is Cal Rolfson and I represent the American Insurance Association. Joel Gilbertson would have been here today to express his opposition to HB 1068, but he has been called to another committee at this same time, so I am his substitute today.

The American Insurance Association (AIA) is a leading property-casualty insurance trade association in the United States that represents 350 insurers that write more than \$123 billion in premiums each year. AIA member companies offer all types of property-casualty insurance, including personal and commercial auto insurance, commercial property and liability coverage for small businesses, workers' compensation, homeowners', medical malpractice, and product liability insurance. On behalf of AIA, we are opposed to HB 1068.

Here are some of the problems with this Bill:

1. The Bill is simply unnecessary as a tool to mandate higher minimums because people can simply purchase higher limits in the marketplace now if they want them.
2. The Bill is not needed because the usual, typical and customary dollar amounts of claims are already within existing financial minimums under State law.
3. The Bill is not needed because the increases proposed by this Bill are regressive and will have a negative premium impact on those who are only capable of affording the financial minimums. These consumers – and there are many – will see their liability limits rise under this Bill whether they can afford the change or

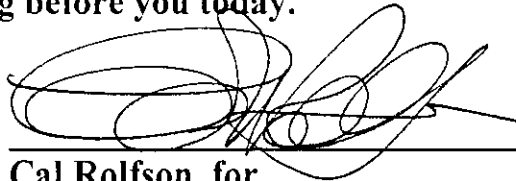
not. In other words, the most economically vulnerable of us who are trying their best to meet the current legal requirements of State law for insurance coverage will be the most adversely impacted by the Bill. Of course, this is particularly true in our economic downturn when personal and family budgets are stretched further.

4. Perhaps most importantly, this Bill is not needed because increasing financial minimums will likely have the perverse effect of pushing more economically vulnerable drivers in the ranks of uninsured drivers. This would not be a good public policy outcome for North Dakota. We have enough of those drivers on the road as it is.

North Dakota has long been one of the most affordable states for auto premiums over the years. It is extremely affordable relative to other states, and places ND at an average of 49<sup>th</sup> out of 50 states and the District of Columbia. However, IF this Bill passes, we will have the dubious honor of sharing with Maine the state with the HIGHEST financial minimum for this type of insurance.

The change proposed by this Bill is not a small or creeping change upward, it is a doubling and is simply not needed, at least at this time. If the general consensus policy of this state is to NOT raise taxes on our residents at this time, there is no reason to do so under the guise of dramatically increasing these financial responsibility limits on our citizens at this time.

We urge you to recommend a "do not pass" to the Senate. Thank you for the honor of appearing before you today.

A handwritten signature in black ink, appearing to read "Cal Rolfson", is written over a horizontal line.

Cal Rolfson, for  
American Insurance Association



#5



American Insurance Association

## Multijurisdictional Compliance Survey

# LIABILITY LIMITS/PROOF OF FINANCIAL RESPONSIBILITY FOR THE FUTURE – (May 2008)

STATE	COMPULSORY LIABILITY (CL) <sup>1</sup>	FINANCIAL RESPONSIBILITY (FR) <sup>2</sup>	PROOF OF FINANCIAL RESPONSIBILITY FOR THE FUTURE <sup>3</sup>	MINIMUM CL OR FR LIABILITY LIMITS <sup>4</sup>	MINIMUM PROPERTY DAMAGE (PD) <sup>5</sup>
AL	Yes Ala. Code 32-7A-4	Yes Ala. Code 32-7A-4	Security & Proof – Driver/Owner After Accident – Security After Conviction – Proof-3 yrs After Judgment – Satisfaction & Proof-3 yrs Ala. Code 32-7-6, -8, -15, -18	20/40/10 Ala. Code 32-7-22	\$250 Ala. Code 32-7-5

<sup>1</sup>Most compulsory liability laws require that all vehicles, as a condition of registration, maintain a minimum amount of liability insurance.

<sup>2</sup>Financial responsibility laws require owners and/or operators to maintain a minimum limit of security, often in the form of insurance, a surety bond, a certificate of self-insurance or deposits of cash or securities.

<sup>3</sup>Proof of financial responsibility for the future laws require owners to produce proof of financial accountability as a condition of licensing and registration so judgments (e.g., unsatisfied judgments, operation of uninsured vehicle, conviction, accident) may be satisfied. Generally, vehicles involved in accidents where no injury or damage was caused to the person or property of anyone other than the owner/operator; the vehicle was legally parked at the time of the accident; the vehicle was being operated without the owner's permission; the vehicle was operated under the direction of a law enforcement officer; or a liability policy was in force, are exempt.

<sup>4</sup>Minimum dollar amount, in thousands, that triggers security and proof requirements. The first dollar amount refers to the minimum liability limit per injured claimant; the second amount to the aggregate limit per accident; and the third amount to the property damage liability limit.

<sup>5</sup>Refers to the dollar amount of property damage that requires filing of an accident report, thereby triggering the security and proof requirements.

*This chart was developed solely as a resource that might serve as a starting point for legal research regarding this subject matter and should not be relied upon for any business decisions. While the effort was made to provide accurate and authoritative information, please note that the information in this chart does not apply to all lines of business, does not include references to local practice, and is only updated periodically.*

STATE	COMPULSORY LIABILITY (CL) <sup>1</sup>	FINANCIAL RESPONSIBILITY (FR) <sup>2</sup>	PROOF OF FINANCIAL RESPONSIBILITY FOR THE FUTURE <sup>3</sup>	MINIMUM CL OR FR LIABILITY LIMITS <sup>4</sup>	MINIMUM PROPERTY DAMAGE (PD) <sup>5</sup>
AK	Yes Alaska Stat. 28.22.011	Yes Alaska Stat. 28.20.400	Security & Proof – Driver/Owner After Accident – Security-3 yrs After Conviction – Proof-3 yrs After Judgment – Satisfaction & Proof-3 yrs Alaska Stat. 28.20.150, 260, 330	50/100/25 Alaska Stat. 28.20.070	\$501 [sic] Alaska Stat. 28.20.050
AZ	Yes Ariz. Rev. Stat. Ann. 28-4131	Yes Ariz. Rev. Stat. Ann. 28-4135	Proof – Driver/Owner After Accident – Proof After Conviction – Proof After Judgment – Satisfaction & Proof-2 yrs Ariz. Rev. Stat. Ann. 28-4072, 4073	15/30/10 Ariz. Rev. Stat. Ann. 28-4009	\$1,000 Ariz. Rev. Stat. Ann. 28-667
AR	Yes Ark. Stat. Ann. 27-22-104	No provision	Security – Driver/Owner After Accident – Security After Conviction – Proof-3 yrs After Judgment – Satisfaction & Proof-3 yrs Ark. Stat. Ann. 27-19-603, 717, 721	25/50/25 Ark. Stat. Ann. 27-22-104	\$500 Ark. Stat. Ann. 27-19-601
CA	Yes Cal. Veh. Code 4000.37	Yes Cal. Veh. Code 16020	Proof – Driver/Owner After Accident – Proof-3 yrs After Conviction – Proof-3 yrs After Judgment – Satisfaction & Proof-3 yrs Cal. Veh. Code 16020, 16072, 16371, 16430	15/30/5 10/20/3 for low-income drivers in assigned risk plan Cal. Veh. Code 16056 Cal. Ins. Code 11629.71	\$750 Cal. Veh. Code 16000

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CO	Yes Colo. Rev. Stat. 10-4-619	No provision	Security & Proof – Driver/Owner After Accident – Security & Proof-3 yrs After Conviction – Proof-3 yrs. After Judgment – Satisfaction-6 yrs. or Proof-3 yrs. Colo. Rev. Stat. 42-7-303, 402, 403, 406, 408	25/50/15 Colo. Rev. Stat. 10-4-620	\$1,000 Colo. Rev. Stat. 42-4-1606
CT	Yes Conn. Gen. Stat. Ann. 38a-335	Yes Conn. Gen. Stat. Ann. 38a-371	Security & Proof – Driver/Owner After Accident – Proof-1 yr. After Conviction – Proof-1 yr. After Judgment – Satisfaction Conn. Gen. Stat. Ann. 14-112	20/40/10 Conn. Gen. Stat. Ann. 14-112	\$1,000 Conn. Gen. Stat. Ann. 14-108a
DE	Yes Del. Code Ann. Title 21 § 2118	Yes Del. Code Ann. Title 21 § 2902	Security & Proof – Driver/Owner After Accident – Security for Non-Residents After Conviction – No provision After Judgment – Satisfaction & Proof Del. Code Ann. Title 21 § 2927, 2943	15/30/5 Del. Code Ann. Title 21 § 2902	\$500 Del. Code Ann. Title 21 § 4203
DC	Yes D.C. Code Ann. 31-2403	No provision	Proof – Driver/Owner After Accident – No provision After Conviction – Proof After Judgment – Satisfaction & Proof D.C. Code Ann. 50-1301.34, .37, .47	25/50/10 D.C. Code Ann. 31-2406	No provision

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FL	Yes Fla. Stat. Ann. 627.733	Yes Fla. Stat. Ann. 324.021	Security & Proof – Driver/Owner After Accident – Security & Proof-3 yrs. After Conviction – Proof-3 yrs. After Judgment – Satisfaction & Proof-3 yrs. Fla. Stat. Ann. 324.011, .051, .071, .072, .131	10/20/10 or at least \$30,000 for combined bodily injury and property damage liability for any one accident Fla. Stat. Ann. 324.021 and .022	\$500 Fla. Stat. Ann. 316.066
GA	Yes Ga. Code Ann. 33-34-4	No provision	Security & Proof – Driver/Owner After Accident – Security & Proof-1 yr. After Conviction – Proof-1 yr. After Judgment – Satisfaction-1 yr. Ga. Code Ann. 40-9-33, -62, -80, -81	25/50/25 Ga. Code Ann. 33-7-11	\$500 Ga. Code Ann. 40-9-2
HI	Yes Haw. Rev. Stat. 431:10C-104	Yes Haw. Rev. Stat. 431:10C-105	Security & Proof – Driver/Owner After Accident – Security-2 yrs. After Conviction – Proof After Judgment – Satisfaction & Proof Haw. Rev. Stat. 287-5, -9, -17, -20	20/40/10 Haw. Rev. Stat. 431:10C-301	\$3,000 Haw. Rev. Stat. 287-5
ID	Yes Idaho Code 49-1229	Yes Idaho Code 49-1428	Proof – Driver/Owner After Accident – No provision After Conviction – Proof-3 yrs After Judgment – Satisfaction & Proof-3 yrs Idaho Code 49-1205, -1208, -1220	25/50/15 Idaho Code 49-117	\$1,500 Idaho Code 49-1305

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IL	Yes 625 ILCS 5/7-601	No provision	Security – Driver/Owner (at least \$500) After Accident – Security-2 yrs. After Conviction – Proof-3 yrs. After Judgment – Satisfaction & Proof-3 yrs.  625 ILCS 5/7-201, -211, -304, -305, -309	20/40/15  625 ILCS 5/7-317	\$500  625 ILCS 5/7-204
IN	Yes Ind. Code Ann. 9-25-4-1	Yes Ind. Code Ann. 9-25-4-4	Security & Proof – Driver/Owner After Accident – Proof After Conviction – Proof After Judgment – Satisfaction & Proof  Ind. Code Ann. 9-25-5-1, 9-25-5-3, 9-25-6-7	25/50/10  Ind. Code Ann. 9-25-2-3	\$1,000  Ind. Code Ann. 9-26-2-1
IA	Yes Iowa Code Ann. 321.20B	Yes Iowa Code Ann. 321.1(24B)	Security & Proof – Driver/Owner After Accident – Security After Conviction – Proof-2 yrs. After Judgment – Satisfaction & Proof-2 yrs.  Iowa Code Ann. 321A.5, 321A.7, 321A.14, 321A.17, 321A.29	20/40/15  Iowa Code Ann. 321A.1(11)	\$1,000  Iowa Code Ann. 321A.5
KS	Yes Kan. Stat. Ann. 40-3118	Yes Kan. Stat. Ann. 40-3104	Proof – Driver After Accident – Proof After Conviction – No provision After Judgment – No provision  Kan. Stat. Ann. 8-1604	25/50/10  Kan. Stat. Ann. 40-3107	\$1,000  Kan. Stat. Ann. 8-1606

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KY	Yes Ky. Rev. Stat. Ann. 304.39-090	Yes Ky. Rev. Stat. Ann. 304.39-080	Proof – Owner must provide if registration revoked After Accident – No provision After Conviction – No provision After Judgment – Satisfaction Ky. Rev. Stat. Ann. 187.420, 304.39-080	25/50/10 may also be single-limit liability of \$60,000 for all damages Ky. Rev. Stat. Ann. 304.39-110	\$500 Ky. Rev. Stat. Ann. 189.580
LA	Yes La. Rev. Stat. Ann. 32:861	Yes La. Rev. Stat. Ann. 32:861	Security & Proof – Driver/Owner After Accident – Security & Proof-3 yrs. After Conviction – Proof-3 yrs. After Judgment – Satisfaction & Proof-3 yrs. La. Rev. Stat. Ann. 32:872, 32:893, 32:896, 32:909	10/20/10 La. Rev. Stat. Ann. 32:861	\$500 La. Rev. Stat. Ann. 32:871
ME	Yes Me. Rev. Stat. Ann. Title 29-A §1601	Yes, for vehicles for rent, lease, hire or livery Me. Rev. Stat. Ann. Title 29-A §1611	Proof – Driver/Owner After Accident – Proof-3 yrs. After Conviction – Proof-3 yrs. After Judgment – Satisfaction & Proof-3 yrs. Me. Rev. Stat. Ann. Title 29-A §§1601, 1602, 1603	50/100/25, plus at least \$2,000 for medical payments Me. Rev. Stat. Ann. Title 29-A §1605	\$1,000 Me. Rev. Stat. Ann. Title 29-A §2251
MD	Yes Md. Trans. Code Ann. 17-104	Yes Md. Trans. Code Ann. 17-103	Security & Proof – No provision After Accident – No provision After Conviction – No provision After Judgment – Satisfaction Md. Trans. Code Ann. 17-207	20/40/15 Md. Trans. Code Ann. 17-103	No provision

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MA	Yes Mass. Gen. Laws. Ann. Ch. 90 §1A	Yes Mass. Gen. Laws. Ann. Ch. 90 §34D	Proof – Non-resident Driver After Accident – Proof-non-resident driver After Conviction – No provision After Judgment – Satisfaction Mass. Gen. Laws. Ann. Ch. 90 §§3 and 22A	20/40/5 Mass. Gen. Laws. Ann. Ch. 90 §§34A and 34O	\$1,000 Mass. Gen. Laws. Ann. Ch. 90 §34A
MI	Yes Mich. Comp. Laws Ann. 500.3101	Yes Mich. Comp. Laws Ann. 500.3101	Security & Proof – Driver/Owner After Accident – No provision After Conviction – No provision After Judgment – Satisfaction & Proof-3 yrs. Mich. Comp. Laws Ann. 257.513, .520, .528	20/40/10 Mich. Comp. Laws Ann. 257.520	No minimum; \$1 million maximum Mich. Comp. Laws Ann. 500.3121
MN	Yes Minn. Stat. Ann. 65B.49	Yes Minn. Stat. Ann. 65B.48	Security & Proof – Driver/Owner After Accident – Security & Proof After Conviction – Security & Proof After Judgment – No provision Minn. Stat. Ann. 169.792, .797	30/60/10 Minn. Stat. Ann. 65B.49	\$1,000 Minn. Stat. Ann. 169.09
MS	Yes Miss. Code Ann. 63-15-4	Yes Miss. Code Ann. 63-15-37	Security & Proof – Driver/Owner After Accident – Security & Proof-3 yrs. After Conviction – Proof-3 yrs. After Judgment – Satisfaction & Proof-3 yrs. Miss. Code Ann. 63-15-29, -35, -61	25/50/25 Miss. Code Ann. 63-15-43	\$250 Miss. Code Ann. 63-15- 11

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MO	Yes Mo. Rev. Stat. 303.025	Yes Mo. Rev. Stat. 303.160	Security & Proof – Driver/Owner After Accident – Security & Proof-2 yrs. After Conviction – Proof-2 yrs. After Judgment – Satisfaction & Proof-2 yrs. Mo. Rev. Stat. 303.030, .042, .044, .110, .150, .280	25/50/10 Mo. Rev. Stat.	\$500 Mo. Rev. Stat. 303.040
MT	Yes Mont. Code Ann. 61-6-301	Yes Mont. Code Ann. 61-6-302	Proof – Driver/Owner After Accident – No provision After Conviction – Proof-3 yrs. After Judgment – Satisfaction & Proof-6 yrs. Mont. Code Ann. 61-6-123, -131, - 142	25/50/10 Mont. Code Ann. 61-6-103	\$1,000 Mont. Code Ann. 61-7- 109
NE	Yes Neb. Rev. Stat. 60-387	Yes Neb. Rev. Stat. 60-528	Security – Driver/Owner After Accident – Security & Proof-3 yrs. After Conviction – Proof-3 yrs. After Judgment – Satisfaction & Proof Neb. Rev. Stat. 60-507, -511, -519, - 524	25/50/25 Neb. Rev. Stat. 60-501(10)	\$1,000 Neb. Rev. Stat. 60-507

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NV	Yes Nev. Rev. Stat. Ann. 485.185	Yes Nev. Rev. Stat. Ann. 485.307	Security & Proof – Driver/Owner After Accident – Security & Proof-3 yrs. After Conviction – After Judgment – Satisfaction & Proof-3 yrs. Nev. Rev. Stat. Ann. 485.190, 230, 302, 303	15/30/10 Nev. Rev. Stat. Ann. 485.185	\$750 Nev. Rev. Stat. Ann. 485.190
NH	No provision	No provision	Security & Proof – Driver/Owner After Accident – Security & Proof-3 yrs. After Conviction – Proof-3 yrs. After Judgment – Satisfaction & Proof-3 yrs. N.H. Rev. Stat. Ann. 264:2, 3, 7, 9, 20	25/50/25 N.H. Rev. Stat. Ann. 264:20	\$1,000 N.H. Rev. Stat. Ann. 264:25
NJ	Yes N.J. Stat. Ann. 39:6B-1	No provision	Security – Driver/Owner After Accident – Security After Conviction – No provision After Judgment – Satisfaction N.J. Stat. Ann. 39:6-25, -35	Standard Policy: 15/30/5 Basic Policy: 10/10/5 (optional) N.J. Stat. Ann. 39:6A-3, 39:6A-3.1	\$500 N.J. Stat. Ann. 39:6-25
NM	Yes N.M. Stat. Ann. 66-5-205	Yes N.M. Stat. Ann. 66-5-218	Security & Proof – Driver/Owner After Accident – Proof After Conviction – No provision After Judgment – Satisfaction & Proof N.M. Stat. Ann. 66-5-205.1, -216, -229	25/50/10 N.M. Stat. Ann. 66-5-208	\$500 N.M. Stat. Ann. 66-7-207

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NY	Yes N.Y. Veh. & Traf. Law §312	Yes N.Y. Veh. & Traf. Law §312	Security & Proof – Driver/Owner After Accident – Security & Proof After Conviction – Proof After Judgment – Satisfaction & Proof N.Y. Veh. & Traf. Law §§331, 332, 334, 335	25/50/10 50/100 required for wrongful death N.Y. Veh. & Traf. Law §341	\$1,000 N.Y. Veh. & Traf. Law §335
NC	Yes N.C. Gen. Stat. 20-309	Yes N.C. Gen. Stat. 20-309	Security & Proof – Driver/Owner After Accident – Security & Proof-2 yrs. After Conviction – Proof-2 yrs. After Judgment – Satisfaction N.C. Gen. Stat. 20-279.5, 14, 29	30/60/25 N.C. Gen. Stat. 20-279.21	\$1,000 N.C. Gen. Stat. 20-4.01(33b)
ND	Yes N.D. Cent. Code 39-08-20	Yes N.D. Cent. Code 39-16-1-08	Security & Proof – Driver/Owner After Accident – Security & Proof-1 yr. After Conviction – Proof-1 yr. After Judgment – Satisfaction & Proof-1 yr. N.D. Cent. Code 39-16-05, 39-16-1-04, -07, -19	25/50/25 N.D. Cent. Code 39-16.1-02	\$1,000 N.D. Cent. Code 39-08-09
OH	Yes Ohio Rev. Code Ann. 4509.44	Yes Ohio Rev. Code Ann. 4509.45	Security – Driver/Owner After Accident – Security After Conviction – Proof-3 or 5 yrs., depending on offense After Judgment – Satisfaction & Proof-3 yrs. Ohio Rev. Code Ann. 4509.11, .12, .42, .45	12.5/25/7.5 Ohio Rev. Code Ann. 4509.01(K)	\$400 Ohio Rev. Code Ann. 4509.01(J)

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OK	Yes Okla. Stat. Ann. Title 47 §7-602.1	Yes Okla. Stat. Ann. Title 47 §7-601	Security & Proof – Driver/Owner After Accident – Security & Proof-1 yr. After Conviction – Proof-1 yr. After Judgment – Satisfaction & Proof-1 yr.  Okla. Stat. Ann. Title 47 §§7-206, 304, 314, 335.	25/50/25  Okla. Stat. Ann. Title 47 §302	\$300  Okla. Stat. Ann. Title 47 §10-108
OR	Yes Or. Rev. Stat. 806.060	Yes Or. Rev. Stat. 806.060	Proof – Driver/Owner After Accident – Proof-3 yrs. After Conviction – Proof-3 yrs. After Judgment – Satisfaction & Proof-3 yrs.  Or. Rev. Stat. 806.010, 160, 240, 250, 255	25/50/10  Or. Rev. Stat. 806.070	\$1,500  Or. Rev. Stat. 811.720
PA	Yes 75 Pa.C.S.A. 1786	Yes 75 Pa.C.S.A. 1782	Proof – Driver/Owner After Accident – Proof After Conviction – Proof After Judgment – Satisfaction & Proof  75 Pa.C.S.A. 1773, 1783, 1784, 1785	15/30/5  75 Pa.C.S.A. 1702	No provision
PR	Yes P.R. Law Ann. Title 26 §8053	No provision	No provisions	\$3,000 per accident P.R. Law Ann. Title 26 §8052(j)	No provision

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RI	Yes R.I. Gen. Laws 31-47-3.1	Yes R.I. Gen. Laws 31-47-2(15)	Security & Proof – Driver/Owner After Accident – Security & Proof-3 yrs. After Conviction – Proof-3 yrs. After Judgment – Satisfaction & Proof-3 yrs. R.I. Gen. Laws 31-32-4, 14, 15, 35, 36	25/50/25 may also be \$75,000 combined single-limit R.I. Gen. Laws 31-32-2	\$500 R.I. Gen. Laws 31-33-1
SC	Yes S.C. Code Ann. 56-10-10	Yes S.C. Code Ann. 56-10-20	Security & Proof – Driver/Owner After Accident – Security After Conviction – Proof-3 yrs. After Judgment – Satisfaction & Proof-3 yrs. S.C. Code Ann. 56-9-354, 490, 520, 620	25/50/25 S.C. Code Ann. 38-77-140	\$1,000 S.C. Code Ann. 56-5-1270
SD	Yes S.D. Codified Laws Ann. 32-35-68	Yes S.D. Codified Laws Ann. 32-35-113	Security & Proof – Driver/Owner After Accident – After Conviction – Proof-3 yrs. After Judgment – Satisfaction & Proof-3 yrs. S.D. Codified Laws Ann. 32-35-43, 57, 68, 95, 113	25/50/25 S.D. Codified Laws Ann. 32-35-70	\$1,000 to any one person's property or \$2,000 per accident S.D. Codified Laws Ann. 32-34-7
TN	No provision	Yes Tenn. Code Ann. 55-12-119	Security & Proof – Driver/Owner After Accident – Security & Proof-3 yrs. After Conviction – Proof-3 yrs. After Judgment – Satisfaction & Proof-3 yrs. Tenn. Code Ann. 55-12-104, 108, 114, 115, 118, 126	25/50/10 (25/50/15 eff. 1/1/09) may also be single-limit of \$60,000 Tenn. Code Ann. 55-12-102(12)	\$400 Tenn. Code Ann. 55-12-104

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TX	Yes Tex. Trans. Code Art. 601.071	Yes Tex. Trans. Code Art. 601.051	Security & Proof – Driver/Owner After Accident – Security & Proof-2 yrs. After Conviction – Proof-2 yrs. After Judgment – Satisfaction & Proof-2 yrs. Tex. Trans. Code Art. 601.153, .162, .336, .338, .339	25/50/25 30/60/25 (eff. 01/01/2011) Tex. Trans. Code Art. 601.072	\$1,000 Tex. Trans. Code Art. 601.004
UT	Yes Utah Code Ann. 31A-22-302	Yes Utah Code Ann. 41-12a-301	Security & Proof – Driver/Owner After Accident – Security & Proof-3 yrs. After Conviction – No provision After Judgment – Satisfaction & Proof-3 yrs. Utah Code Ann. 41-12a-411, -501, 513	25/50/15 25/65/15 (eff. 01/01/2009) may also be single-limit of \$65,000 (eff. 1/1/09 \$80,000) Utah Code Ann. 31A-22-304	\$1,000 Utah Code Ann. 41-6a-402
VT	Yes Vt. Stat. Ann. Title 23 §800	Yes Vt. Stat. Ann. Title 23 §801	Proof – Driver After Accident – Proof-3 yrs. After Conviction – Proof-3 yrs. After Judgment – Proof-3 yrs. Vt. Stat. Ann. Title 23 §809	25/50/10 Vt. Stat. Ann. Title 23 §800	\$1,000 Vt. Stat. Ann. Title 23 §801
VI	Yes V.I. Code Ann. Title 20 §701	No provision	No provisions	10/20/10 V.I. Code Ann. Title 20 §703	No provision

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VA	Yes Va. Code Ann. 46.2-435	Yes Va. Code Ann. 46.2-436	Proof – Owner After Accident – Proof After Conviction – Proof After Judgment – Satisfaction & Proof Va. Code Ann. 46.2-411, 421, 437	25/50/20 Va. Code Ann. 46.2-472	\$1,000 Va. Code Ann. 46.2-373
WA	Yes Wash. Rev. Code 46.30.020	Yes Wash. Rev. Code 46.30.020	Security & Proof – Driver/Owner After Accident – Security & Proof-3 yrs. After Conviction – Proof-3 yrs. After Judgment – Satisfaction & Proof-3 yrs. Wash. Rev. Code 46.29.280, 370, 420, 600	25/50/10 Wash. Rev. Code 46.29.090	\$700 (changes no more than every two years according to inflation) Wash. Rev. Code 46.29.060
WV	Yes W.Va. Code 17A-3-3	Yes W.Va. Code 17D-2A-3	Security & Proof – Driver/Owner After Accident – Proof After Conviction – Proof After Judgment – Satisfaction & Proof W.Va. Code 17D-2A-6, 17D-2A-7, 17D-4-6	20/40/10 W.Va. Code 17D-4-2	\$500 W.Va. Code 17C-4-7
WI	No provision	Yes Wis. Stat. Ann. 344.01(2)(d)	Security & Proof – Driver/Owner After Accident – Security & Proof-3 yrs. After Conviction – No provision After Judgment – Satisfaction & Proof-3 yrs. Wis. Stat. Ann. 344.14, 18, 24, 29, 41	25/50/10 Wis. Stat. Ann. 344.33	\$1,000 (\$200 for damage to state or government property, except vehicles) Wis. Stat. Ann. 346.70

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WY	Yes Wyo. Stat. 31-4-103	Yes Wyo. Stat. 31-9-402	Security & Proof – Driver/Owner After Accident – Security After Conviction – Proof-3 yrs. After Judgment – Satisfaction Wyo. Stat. 31-7-128, 31-9-202, 303, 401	25/50/20 Wyo. Stat. 31-9-405	\$1,000 Wyo. Stat. 31-5-1106

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3-13-09

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**Patrick Ward**

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**From:** Patrick Ward  
**Sent:** Thursday, March 12, 2009 4:31 PM  
**To:** 'Potter, Tracy A.'; Dave Nething; Gary Lee; George Nodland; Richard Marcellais; Thomas Fiebiger  
**Cc:** Dean Richter; Duane Richter; 'Dale Haake'  
**Subject:** Minimum limits

Tracy:

If I understood your question to me today correctly, I have now checked the statutes, if you raise the minimum liability in 39-16.1-11 it also means the minimum uninsured and underinsured goes up too according to 26.1-40-15.2 and 15.3, because they incorporate 39-16.1-11.

We did not calculate that additional UM and UIM cost in my testimony and it is mandatory coverage in ND.

Patrick Ward  
 Zuger Kirmis & Smith  
 PO Box 1695  
 Bismarck ND 58502  
 701-223-2711  
 FAX 701-223-9619

3/12/2009