

Senate

JUDICIARY COMMITTEEMINUTES OF HEARING HELDFEBRUARY 2, 1967

The meeting of the Judiciary Committee was held at 2:25 P.M., Thursday, February 2, 1967, in Committee Room 56, State Capitol Building, Chairman Monroe presiding.

Members Present:

Warren L. Monroe, Chairman
 V. L. Bunker
 M. J. Christensen
 Carl F. Dodge
 Procter Hug, Sr.
 Coe Swobe
 C. Clifton Young

Also Present:

Bill Parish, Parish & Company
 Pete Kelly

Chairman Monroe announced that the meeting had been called primarily to give Mr. Parish an opportunity to present the thinking of the local insurance group regarding Senate Bill No. 53, he then invited Mr. Parish to address the Committee.

Mr. Parish stated that the insurance agent group are very interested in the Uninsured Motorist Bill. They understand that legislation is to be introduced for compulsory liability insurance, and, the group is opposed to compulsory insurance. Mr. Parish had a brochure with him and passed a copy to each member of the Committee. He said that the brochure covered their reasons for opposing such legislation. "Policy owners have the opportunity to carry such insurance on their own policy for a niminal sum" he said. In his company the cost is \$7.00 a year for \$10,000/20,000 and for each additional car the cost is \$6.00 a year. However, bodily injury is the only coverage, and the automobile damage cannot be recovered, but, if you have collision coverage in your policy your company will subrogate for you. This coverage picks up, at a small cost, insurance against having an accident with an uninsured party. Massachusetts was the first State to pass a compulsory liability law, and one of the campaign promises made by the Governor of that State is that he would work to have it repealed. It is costly to enforce and you can't force motorists from other states to carry it -- we have people coming through here daily that cannot be forced to carry such insurance. Massachusetts, New York and North Carolina have compulsory insurance laws and their liability rates are the highest in the nation. Compare insurance in Buffalo, New York with Nevada: In Nevada a family with two cars, a husband, wife and one youthful driver pays \$171. a year, in Buffalo for the same is \$393. Also, he commented, in New York they have over 1,000 employees in their state office trying to police the program, the brochure will provide some of the statistics relative to the number of lapses, non-payment and so forth. Obviously, the expense of administering the program must be passed on to the companies and ultimately the policy holders, or make state appropriations and pass it on to the taxpayers.

Senator Monroe asked if we didn't have a law making it necessary to have insurance before a person could get license plates. Mr. Parish replied, no, but we understand that is what is coming up in this Session. At the present time we have a financial responsibility law in this State with no money to administer it. This would create another bureau, with another cost, and the insurance paying public would have to pay it. The people that don't want to carry insurance find ways to get around it.

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Senator Hug asked how they get around the financial responsibility law. Mr. Parish replied that it was quite easy, they let the policy lapse, or don't pay the premiums, or move to a different address -- it's very difficult to police. Actually, most agencies won't cover you without the endorsement covering uninsured bodily damage, the agent makes it a part of the policy and the owner must specifically notify the agent that he does not want it.

Several aspects of the insurance were discussed. Senator Young was disturbed about two phases, one he thought that something was needed in writing instead of providing the coverage unless someone objected, and two, some of the uninsured provisions provide for arbitration by necessity, this is a new concept and I don't think I want to go that far so as to preclude a jury trial. Senator Young is to check with Bills passed in Washington and Arkansas and prepare the necessary amendments.

Mr. Parish left the meeting.

Chairman Monroe announced that Russ McDonald had given him three pieces of requested legislation for consideration and introduction.

1. Judge Waters wishes to make it possible for County Commissioners to padlock houses of prostitution. Senator Dodge explained that the Judge has a problem with Joe Conforte and recommended that the Committee invite Judge Waters to be heard prior to introducing the Bill.
2. Judge Thomas Craven wishes the Committee to introduce a Bill relating to grounds of challenge to jurors. Senator Dodge commented that he thought they needed to learn the reasons. Senator Swobe is to confer with Judge Craven regarding the background of this proposed legislation.
3. Judge Grant L. Bowen would like to have a Bill introduced relative to Widows of District Judges receiving their pension at 55 years of age instead of 65. The members agreed that it would be proper to re-refer this proposed legislation to the Finance Committee.

A brief discussion of the green stamp legislation ensued and Senator Christensen was requested to arrange a suitable date with the Manager of the Las Vegas Chamber of Commerce for a Hearing.

Senator Dodge referring to the in-state preference legislation said, the object in our thinking is not to create a windfall for the supplier in Nevada, but to try not offer an unfair advantage to an outside broker, and, maybe something more consistent would evolve in what Mr. Oakes recommended, that a sur-charge be placed on the contract and let the State have the money.

The meeting adjourned at 3:15 P.M.

Family Protection coverage is added to the motorist's policy and the insured's own company provides protection for bodily injury and death for which an uninsured or hit-and run motorist would be liable. It protects the car owner's entire family living in the same household if injured while in his car, in another car (whether driver or passenger), while a pedestrian, or as a cyclist. It covers guests in the insured car. The coverage applies if the accident takes place anywhere in the United States or Canada.

The responsible, insured citizen is protected for pennies a day. In Nevada, this coverage may be purchased for \$7.00 for the first car and \$6.00 for the second. He protects himself and his family and is not burdened with the support of a costly compulsory program.

Under this plan no expensive governmental bureaucracy has to be set up to administer the law; the State government is not faced with the task of trying to enforce an impossible law; and police can devote their time to highway safety laws instead of searching out automobile owners without insurance.

All three compulsory states have found it necessary to shore up their crumbling compulsory programs with family protection coverage. They found that **the real protection which is afforded is that provided by the Uninsured Motorist Coverage — not the compulsory law.**

THIS PAMPHLET HAS
BEEN PREPARED BY



NEVADA INDEPENDENT
INSURANCE AGENTS

The Case
AGAINST
Compulsory
Automobile
Insurance
and a
Successful
Alternative

the case against . . .

In this pamphlet we will give you a brief resume of the facts against a compulsory insurance plan and also an outline of a successful alternate plan.

Briefly, these are the points against a compulsory insurance plan:

1. It cannot compel.
2. It does not protect the responsible citizen.
3. It is bureaucratic and costs a staggering amount to administer.
4. It increases the costs of automobile liability for everyone.

Only three states — Massachusetts, New York, and North Carolina — have compulsory automobile liability insurance laws. None of the three has achieved the purpose of the legislation: total insuring of its motorists.

The New York Daily News estimates that nearly 400,000 uninsured vehicles operate in New York State.

Massachusetts officials estimate that 8,000 uninsured motorists are driving in their state any day of the year.

In North Carolina it is estimated that there are 100,000 to 150,000 uninsured drivers.

Here are the reasons it cannot compel. There are operators of stolen cars; uninsured out-of-state drivers; hit and run drivers; uninsured motorists whose licenses or registrations have been suspended; uninsured motorists who hit you when you are driving in another state; and many more reasons.

The responsible citizen purchases insurance without a compulsory law, but for reasons stated above he still is not fully protected.

To enforce a compulsory law requires a large bureau and unlimited funds. Picture the number of cars in the State, the number of address changes, changes of cars, owners changing insurance policies or companies, and countless other changes! This is a staggering blizzard of paper, and trying to keep files current becomes a grim joke.

In North Carolina, one of the three states with a compulsory law, the equivalent of 45 full time highway patrolmen were assigned at one time to tracking down drivers whose insurance had lapsed!

In New York State, it has been estimated that it takes 1,000 or more State employees to handle the compulsory program. The Motor Vehicle Department spends in excess of \$3,500,000 a year to administer the law. All of this expense is borne by the taxpayer. When New York State found that compulsory did not close the uninsured motorist gap, it set up the Motor Vehicle Accident Identification Corporation to provide a form of uninsured motorist protection for accidents occurring within the State. Companies writing automobile insurance in New York State are being assessed \$11,000,000 annually to support M.V.A.I.C. — an expense borne by the insuring public.

Massachusetts and New York motorists pay the highest insurance rates in the country — twice the national average. North Carolina rates rose 38 percent during the first five years of its compulsory law, and are still inadequate.

By comparison, let's take for example a typical situation. A family in Reno with two cars, one used by the father to drive to work less than ten miles, the other used by the mother for pleasure and occasional use by an 18 year old son, unmarried and living at home. The comparison is based only on limits required by law of bodily injury liability limits of \$10,000/20,000 and property damage liability limits of \$5,000. In Reno this premium is \$171.00, whereas in Buffalo, New York it is \$393.00 — over twice as much!

In addition, in the last five year period for which figures are available, North Carolina's motor vehicle registration rose 26.2% but total accidents increased 43.5%, bodily injury accidents rose 78.3%, and the number of persons injured and killed skyrocketed to 95.8%.

a successful alternative . . .

After years of research, the insurance industry has developed Family Protection (Uninsured Motorist) coverages as a tried and proven choice over compulsory automobile liability insurance. This, together with the Financial Responsibility law already in existence in Nevada, is the only sure way of providing funds to pay claims.