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Deanna Hallworth
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10/3/03
Date

2003 HOUSE TRANSPORTATION

HB 1366

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2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1366

House Transportation Committee

Conference Committee

Hearing Date January 30, 2003

Tape Number	Side A	Side B	Meter #
1	x		19.8 to end
		x	3.0 to 6.7
Committee Clerk Signature <i>Lauren J. Erik</i>			

Minutes:

Rep. Hawken, Vice Chairman opened the hearing on HB 1366, a bill for an Act to create and enact a new section to chapter 39-04 of the North Dakota Century Code, relating to liability insurance for motor vehicles.

Rep. Kingsbury representing District 16 introduced HB 1366. A copy of her prepared remarks are attached..

Rep. Ruby: Have you seen the fiscal note on this? Ans. Yes --- Rep. Ruby They are showing a \$400,00 cost item on this -- I was wondering -- would you care to comment on this?

Rep. Kingsbury: This is just a problem that I feel like those who are obeying the law by drivind with liability insurance are being penalized by those who drive without it. It should be able to be tracked.

Rep. Delmore: I will not speak long -- I had a similar bill last time. It is a proven fact that some people do not have liability insurance or high enough risk coverage -- part of the reason that they

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Hawken: don't get liability insurance is ? fact/that ? In the mean while there are a number victims and one of those was my sister-in-law -- she was out running with her dogs-- an uninsured motorist going way too fast hit and threw her over into the field -- killed her dog -- she is in poor physical condition and may never be the same. We need to get these people off the road and we need to do something about them. The DOT has provided to the Interim B Committee show that there was a decrease from 1999 until today -- but as far as no liability insurance coverage in accidents is still there.

Opposition testimony

Keith Magnusson: Deputy Director of motor Vehicle and Driver Services Division ND DOT, with him were Keith Kiser and Lynn Heinert . Keith Magnusson and Lynn Heinert are both on a National Committee looking at a lot of these things. These come up regularly ever session. the last several times the legislature has chosen to address the sanctions on the offenders -- first they prohibited the judges from suspending the fines, -- the fines for driving without insurance have been increased -- driving without liability insurance is a national concern --in some states have spent tens of millions -- New York is up to about \$100 million on assistance to verify insurance -- they say it really isn't working. Nobody has been able to come up with a solution. North Dakota has one of the best compliance rates in the country. We rank 47th -- these are insurance industry studies based on crash studies and we are at about 7%. That doesn't help when you are hit by an uninsured driver -- oddly it seems that uninsured drivers come back and hit the same people again. Even though many states have doubled and tripled their efforts they are coming to the conclusion that full insurance will never be achieved --it is like unemployment/ full employment -- unemployment runs 3 - 4- 5% . People will have insurance and put it down on

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their application card -- then switch companies or even drop it and our records wouldn't show it and to tracked it is -- difficult -- they told the truth at the time. What is in HB 1366 had been in before and it gets to be a nightmare even with the random checking witch was tried. The burden becomes more on those who are complying with the law. The cost you see on the fiscal note are the cost we would need to modify our application form, especially the first couple of years we would be sending out a lot of applications when people are not used to putting that information on there -- they send it to us, we send it back -- with our present staff we can do that -- so we would have to add temporaries, -- probably the closest thing to a foul proof thing would be to have all the insurance companies put all their data into a common data base. They are starting to talk about that at the national level but once they get that it is going to cost a lot to hook up to that and then the legislature would have to decide to fund that data base along with the insurance companies. I have tried to tell you what has been tried and what is being talked about.

Rep. Delmore: (30.7) You can track compliance and figure out all these other things why is one more thing such a problem?

Keith Magnusson: All these statistics on the uninsured don't come from us -- these are national studies -- they come from their studies, insurance companies, -- we have trouble now where people don't sign the things or furnish other data -- we can put stuffers in -- some people read - some don't - -

Rep. Delomore: You can tell us what good rate of compliance we have and you are not tracking it -- who is it then that is tracking it ?

Keith Magnusson: The insurance companies -- some state have done.

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Rep. Ruby: You gave some increase in fines collected -- is that because more people have been pulled over -- increased enforcement?

Keith Magnusson: It is a combination -- stiffer penalties, increased enforcement .

Rep. Dosch: Would you refresh us -- what the fee is?

Keith Magnusson: The first offense -- if you get picked up in possession is \$150 and the second is \$300 but there are some bill in which would double these. That is on the criminal side -- if there is a conviction reported to us -- we send out a notice that they have their insurance company to notify the department they have insurance coverage for the next three years - failing that we will suspend their license.

Rep. Dosch: How do you then monitor and know that I do have that insurance for the next three years?

Keith Magnusson: The insurance companies send us notifications if you drop your coverage.

Rep. Schmidt: With the rising costs of insurance that 5% uninsured will double to 10%.

Keith Magnusson: I wish I had a good answer -- I don't know that HB 1366 will help.

Rep. Schmidt: I have notice that from my bank the insured motorist portion of my policy has really gone up. We got to find a way.

Keith Magnusson: I wished I had answer.

Rep. Delmore: Is there a difference in the fine if I were pulled over by a patrolman -- is there a difference if I hit a car or was involved in an accident -- is there a difference in being pulled over or being in an accident?

Keith Magnusson: At this particular time there is no difference -- but there are other offenses which carry more points -- and things like that but just driving without insurance it is the same.

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Rep. Price: When this fiscal note was prepared -- how was the estimate made -- was that on the number of drivers who wouldn't provide the information -- what were those numbers?

Keith Magnusson: I will have Kieth Kiser address that.

Rep. Price: Wouldn't it be possible to implement this if there some changes on the form which would state this is required and if you failed to comply there would be an additional fee ? that would cover this fiscal note.

Keith Magnusson: Anything is a possibility -- we haven't looked at that specifically -- anything we do will required some additional resources. It is up to the legislature as to how much resource we put into this. The other part is the honesty of the respondee just as we do now.

Rep. Zaiser: (43.3) How the proof is made -- couldn't it be possible to have them prepay the insurance?

Keith Magnusson: There is another bill in the legislature that gets at that a little bit.

Rep. Delmore: Wouldn't it be possible -- I would like to thing that the majority of North Dakotans are honest -- to set something in motion -- to run a check on every 500 or every 1000 drivers where we make them show coverage and if they don't slap them with a penalty.

Keith Magnusson: Some of those things have been tried and again we don't have those added necessary resources -- but it is a criminal offense -- we can't prosecute and we would have to turn that over to the District Attorneys.

Pat Ward Representing the Insurance Industry including State Farm and the auto insurers of North Dakota -- It is a big problem -- there are several bills in the legislature -- some of them we sponsored, some we support and others we question. This bill -- we are kind of neutral on except that it would have a paper work requirement which we never want to have it really doesn't deal

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with the verification problem which Kieth Magnusson talked about. What you really need is a follow up a month or two after the application and randomly after that -- there also is a bill in to required prepayment -- but the problem is there are a lot of people driving without insurance and the reason is they don't have the money -- and they are better off with a monthly payment plan. One of the problems with this particular bill is that if you but a new vehicle -- you may know who your insurance company is but at the time you don't know the policy number.

Rep. Price: I just added a new vehicle and I didn't get a new policy or new number.

Pat Ward: I don't know how the insurance companies operate under different policy coverages but I know that State Farm -- if you add a vehicle to your old coverage and you retain your old vehicle you get a new policy for the new added vehicle.

Rep. Hawken: (50.3) One of the things Mr. Magnusson mention was a central data base is that something that is a dream or is it possible?

Pat Ward: I don't know a lot about that -- one thing that might counter that is the price. I can try to find more about that for you.

Keith Kiser: Director of Motor Vehicle Division of the DOT. To follow up what Keith Magnusson talked about and to follow up on Rep. Price's question -- we have been verifying insurance one way or another since 1976 when the no-fault went into effect following the 1975 legislature. The first couple of years we did that by asking exactly what this bill calls for -- the policy number or/and the name of your company or the name of your agent if you had a new policy and the name of the company. At that time the registrations were due at the end of December or at the end of March. So over the summer we wrote a computer program to randomly selected 5000 vehicles and physically pulled those cards from the box, sorted them and

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