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March 2, 2017

Idaho State Legislature
House Business Committee

Sent via email to: hbus@house.idaho.gov

Re: HB 162, Financial Responsibility Liability Limits - NAMIC's written testimony in opposition

Dear Representative Vito Barbieri, Chair; Representative Lance W. Clow, Vice-Chair; and honorable members of the House Business Committee:

Thank you for affording the National Association of Mutual Insurance Companies (NAMIC) an opportunity to submit written testimony to your committee for the March 7, 2017, public hearing.

The National Association of Mutual Insurance Companies (NAMIC) is the largest property/casualty insurance trade association in the country, with more than 1,400 member companies. NAMIC supports regional and local mutual insurance companies on main streets across America and many of the country's largest national insurers. NAMIC members represent 40 percent of the total property/casualty insurance market, serve more than 170 million policyholders, and write nearly \$225 billion in annual premiums. NAMIC has 168 members who write property/casualty in the State of Idaho, which represents 37% of the insurance marketplace.

Although NAMIC appreciates the bill sponsor's desire to make sure that insurance consumers have ample auto insurance coverage to address their liability needs, NAMIC is concerned that the proposed legislation is rife with unintended adverse consequences for insurance consumers and citizens of the state of Idaho.

1) Mandatory financial responsibility laws have the *dual purpose* of requiring automobile liability insurance to protect the assets of the at-fault driver and provide readily accessible resources for the non-at-fault driver, passenger, pedestrians to pay for their injuries and damages.

Since state law specifically requires financial responsibility at the current state liability coverage limits in order to lawfully operate a motor vehicle, and not be subject to a fine or jail time for violation of the motor vehicle law, the state legislature needs to consider the public policy implications of raising the mandatory liability insurance cover limits to a level that could adversely impact financially challenged citizens, including young, poor, and elderly motorist, who may not be able to afford more insurance coverage. HB 162 would place these citizens into a "Hobson's choice" of having to pay for higher insurance coverage limits they may not be able to afford or risk being in violation of the financial responsibility statute and lose their driving privileges, which they may need to earn a living and take care of their family.

2) Additionally, NAMIC is concerned that there is no evidence to support the contention that the proposed increase in mandatory liability insurance coverage limits is necessary. Insurance consumers, who want and can afford greater automobile liability insurance coverage protection, are free to buy higher limits now, up to a million dollars through many insurers. Further, there is no evidence to support the position that bodily injury limits need to be *doubled* and property damage limits need to be *over tripled* in the amount to address insurance consumer or injured motorist needs.

3) NAMIC is also concerned that the proposed legislation is inconsistent with the best interest of insurance consumers for the following reasons: a) The proposed increase in mandatory automobile insurance liability limits could price some consumers out of the market altogether; thereby, increasing the number of uninsured motorists on the road. This consequence would create greater financial risk for non-at-fault motorists, passengers, and pedestrians; b) The proposed legislation will likely lead to the filing of more unjustifiable inflated damages insurance claims, because some trial lawyers will feel duty bound as a licensed attorney to pursue the full amount of the liability coverage limits as part of their efforts to zealously represent their client. This will result in increased claims adjusting and legal defense costs for insurers, which are insurance rate cost-drivers for UM/UIM and liability coverage; and c) As bodily injury damages settlement claims (which are *subjective value* damages claims by their very nature) increase in amount, these insurance claims will take longer to settle and are more likely to lead to disagreements which will have to be settled via litigation. This will result in insurance settlement delays for consumers, greater conflict in the claims adjusting process between the parties, and higher settlement costs for consumers and insurers.

For the aforementioned reasons, NAMIC respectfully requests that this committee **VOTE NO on HB 162, because it is plagued with unintended consequences for insurance consumers and citizens of the state of Idaho.**

Thank you for your time and consideration of NAMIC's written testimony. Please feel free to contact me at 303.907.0587 or at crataj@namic.org, if you have any questions pertaining to my written testimony.

Respectfully,



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