

TECHNICAL ADVISORY

TA-101

March 7, 1997

SUBJECT: Louisiana Task Force for Reduction of Automobile Insurance Rates

MAIN POINTS: The Governor's Task Force for the Reduction of Automobile Insurance Rates met on Wednesday, March 5, 1997. Jeff Albright, IIAL Executive Vice President represented insurance agents on the task force. Numerous proposals were discussed. Proposals were assigned into two groups Group I and Group II.

Group I includes proposals estimated to produce a significant savings on state wide automobile insurance premiums and which could be reliably costed. All proposals in this group were costed.

Group II includes proposals estimated to have savings potential but the magnitude of savings is uncertain. These proposals were not costed as time and resources were limited.

BACKGROUND:

Group I

Repeal Direct Action Statute and Disallow a Claim by Certain Guest Passengers

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|--|-----------------------|--|--------------|
| 1. Disallow claims by guest passengers who are members of the insured's family | | | |
| Basic Package (10/20/10 BI/PD 10/20/ UM) | Savings: 1.4% to 3.0% | | \$5 to \$11 |
| Full Package (Liability/Physical Damage) | Savings: 0.9% to 2.0% | | \$8 to \$18 |
| 2. Disallow claims by non-family guest passengers: | | | |
| Basic Package (10/20/10 BI/PD 10/20 UM) | Savings: 2.1% to 3.0% | | \$8 to \$11 |
| Full Package (Liability/Physical Damage) | Savings: 1.4% to 2.0% | | \$13 to \$36 |
| 3. Disallow claims by all guest passengers: | | | |
| Basic Package (10/20/10 BI/PD 10/20 UM) | Savings: 3.5% to 6.0% | | \$13 to \$22 |
| Full Package (Liability/Physical Damage) | Savings: 2.3% to 4.0% | | \$21 to \$36 |
| Legal Interest Date of Judgment/Immediate Service of Suit | | | |
| Basic Package (10/20/10 BI/PD 10/20 UM) | Savings: 0.7% to 1.8% | | \$3 to \$7 |
| Full Package (Liability/Physical Damage) | Savings: 0.5% to 1.0% | | \$5 to \$9 |
| Repeal Collateral Source Rule | | | |
| Basic Package (10/20/10 BI/PD 10/20 UM) | Savings: 0.5% to 2.0% | | \$2 to \$7 |
| Full Package (Liability/Physical Damage) | Savings: 0.4% to 1.5% | | \$4 to \$14 |
| Health Care Costs Savings | | | |
| Basic Package (10/20/10 BI/PD 10/20 UM) | Savings: 1.5% to 2.0% | | \$6 to \$7 |
| Full Package (Liability/Physical Damage) | Savings: 1.5% to 2.0% | | \$14 to \$18 |

GAP Coverage

| | | |
|--|------------------------|--------------|
| Basic Package (10/20/10 BI/PD 10/20 UM) | Savings: 9.0% to 14.0% | \$34 to \$52 |
| Full Package (Liability/Physical Damage) | Savings: 5.0% to 6.0% | \$45 to \$54 |

No Pay, No Play

1. Uninsured is precluded from collection all non-economic damages:

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| Basic Package (10/20/10 BI/PD 10/20 UM) | Savings: 2.4% to 5.3% | \$9 to \$20 |
| Full Package (Liability/Physical Damage) | Savings: 1.6% to 3.6^ | \$15 to \$33 |

2. Uninsured is precluded from collection the first \$10,000 in bodily injury damages and the first \$5,000 in property damages:

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|--|------------------------|--------------|
| Basic Package (10/20/10 BI/PD 10/20 UM) | Savings: 4.3% to 10.0% | \$16 to \$37 |
| Full Package (Liability/Physical Damage) | Savings: 2.4% to 4.8% | \$22 to \$44 |

Modified Comparative Fault

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|--|-----------------------|--------------|
| Basic Package (10/20/10 BI/PD 10/20 UM) | Savings: 5.0% to 5.8% | \$19 to \$22 |
| Full Package (Liability/Physical Damage) | Savings: 3.0% to 3.3% | \$27 to \$30 |

No-Fault

| | | |
|--|---------------------|---------------|
| Basic Package (10/20/10 BI/PD 10/20 UM) | Savings: 37% to 44% | \$138 to 164 |
| Full Package (Liability/Physical Damage) | Savings: 8% to 15% | \$74 to \$145 |

UM Coverage for Economic Loss

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|--|-----------------------|--------------|
| Basic Package (10/20/10 BI/PD 10/20 UM) | Savings: 8.0% to 9.0% | \$30 to \$34 |
| Full Package (Liability/Physical Damage) | Savings: 5.5% to 7.0% | \$50 to \$64 |

GROUP II

Age of Driver

- Enhance Enforcement of Current Curfew Laws and Child Restraint Laws
- Raise Minimum Driving Age to 16 years
- Establish Criteria for Graduated Drivers License
- Drivers Education to Include Drugs and Alcohol Education
- Curfews to be Enforced and Driving Age to be Raised

Drinking and Driving

- Enact the Open Container Laws Statewide
- Lower Blood Alcohol Levels to Zero for Minors and 0.08% for Adults
- Prohibit Happy Hour Sales
- DWI Enforcement Increased
- Open Container Laws Statewide
- Strengthen Blood Alcohol Concentration Standards

Claim Cost Reduction

- Right to Trial by Jury Claim in Excess of \$20,000

Reduce Uninsured Population

- Improved Enforcement of Compulsory Insurance Requirements

Other Proposals

- Evaluate Ways and Means to Reward Local Communities for Safer Streets and Highways
- Ban Radar Detectors

NECESSARY

Please circulate in your office, encourage all employees to attend

ACTION: the Legislative Seminars, and get involved in the legislative process during the 1997 regular session.