

STATEMENT OF PURPOSE

RS20446

The minimum legal requirements for auto liability insurance (proof of financial responsibility) for motor vehicle accidents have not been raised for 28 years (since 1983). They currently are: \$25,000 for injuries or death to one person (in any one accident), \$50,000 for injuries or death to two or more people (in any one accident), and \$15,000 collectively for property damage to one or more persons (in any one accident). This legislation will raise these amounts to new minimums: \$50,000 for injuries or death to one person (in any one accident), \$100,000 for injuries or death to two or more people (in any one accident), and \$30,000 collectively for property damage to one or more persons (in any one accident). For catastrophic auto accidents, in addition to helping the victims, it will significantly increase the available insurance dollars for two broad groups: the parties who perform the medical services for the injured person and want to get paid; and, the parties who pay up front for the medical bills and lost wages, and who have a reimbursement or subrogation right. These two groups include—for example—hospitals, doctors, and all medical providers, in addition to the counties, the CAT fund, Idaho Medicaid, Crime Victims fund (DUI accidents), State Insurance Fund (workers compensation), and health insurance providers such as Blue Cross and Blue Shield. The relevant language in this legislation is identical to that in a bill introduced in by Senator Bart Davis in 1999 (Senate Bill 1180). <http://legislature.idaho.gov/legislation/1999/S1180.html>

FISCAL NOTE

This bill will benefit the state general fund and special funds in amounts still to be determined, but it is conservatively estimated to be between one and two million dollars. More precise figures will be available after an analysis of initial and supplementary data, including that from the CAT fund, the counties, Idaho Medicaid, and the Crime Victims fund (administered through the Industrial Commission), and other entities. For example, over \$800,000 was paid out in fiscal 2010 by the CAT fund for motor vehicle accidents categorized as "Auto/Motorcycle Exceeds Coverage." This is in addition to the \$11,000 the counties are required to first expend on each case. Idaho Medicaid reported that in fiscal 2010 approximately \$1.2 million was recovered from insurance companies for approximately 400 auto accidents, collected through subrogation reimbursements.

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