

STATEMENT OF PURPOSE

RS26070

The purpose of this legislation is to increase the required automobile minimum liability insurance (proof of financial responsibility) from \$25,000 to \$50,000 minimum (for one claimant); from \$50,000 to \$100,000 minimum (for two or more claimants in the same accident); and from \$15,000 to \$50,000 minimum for property damage (to one or several vehicles damaged by the at-fault driver in the same accident). The effective date of this legislation would be January 1, 2019. Automobile liability insurance minimum requirements have not been increased since 1983, almost 35 years ago. The same \$25,000 in medical services that a person received in 1983 would cost over \$110,000 today—after adjustment for medical inflation, according to federal statistics. Similarly, the current required \$15,000 cumulative minimum property damage insurance does not begin to cover the cost of replacement of, for example, a 2018 Ford F-150 and a Toyota Camry totaled in a single accident by an at-fault driver. According to the insurance companies, approximately 20 percent of Idaho drivers who buy insurance buy only the \$25,000/\$50,000 minimum liability requirements.

FISCAL NOTE

The precise savings are yet to be determined, but the benefit to the General Fund and specialty funds of state and county government and related entities should be significant (e.g. for County Indigent Funds, the CAT Fund, Health and Welfare Medicaid payments for covered drivers, State Insurance Fund workers compensation for work-related accidents, DUI Crime Victims fund). Collectively, payments toward medical bills on hundreds of automobile accidents from these funds total millions of dollars annually. The reason for the projected savings is because government entities which have paid for medical bills have a priority subrogation position (reimbursement) right from automobile insurance settlements paid by the responsible insurance companies of the at-fault drivers. Additionally, the front-line medical community shouldering the care for catastrophic accidents and their aftermath will similarly benefit, along with all employers and health insurance companies which pay the medical bills (or health insurance premiums), and have reimbursement (subrogation) rights, provided there is adequate insurance proceeds available after payment of the medical bills and accident-related claims of the non-labile drivers.

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DISCLAIMER: This statement of purpose and fiscal note are a mere attachment to this bill and prepared by a proponent of the bill. It is neither intended as an expression of legislative intent nor intended for any use outside of the legislative process, including judicial review (Joint Rule 18).