

STATEMENT OF PURPOSE

RS26859

This legislation will increase the required automobile minimum liability insurance (proof of financial responsibility) from \$25,000 to \$50,000 (for one claimant); from \$50,000 to \$100,000 (for two or more claimants in the same accident); and from \$15,000 to \$50,000 for property damage (to one or more vehicles or property damaged by the at-fault driver in the same accident). Automobile liability and property insurance minimum requirements have not been increased since 1983 (during President Reagan's first term), 36 years ago. The same \$25,000 in medical services that a person received in 1983 now costs over \$128,000 in 2018 dollars—after adjustment for medical inflation. Similarly, the current 1983 era \$15,000 property damage insurance requirement may have been adequate to cover one or two 1984 Ford F-150's (1984 MSRP \$7,219), but not today.

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 (benefiting the property tax County Indigent Funds, the CAT Fund, Health and Welfare Medicaid, State Insurance Fund workers compensation for work-related accidents, and DUI Crime Victims fund). Collectively, payments toward medical bills from these funds on hundreds of automobile accidents a year collectively total millions of dollars annually. These government entities which have paid for medical bills have a priority subrogation position (reimbursement right) from automobile insurance settlements. Similarly benefiting are all employers and health insurance companies which pay the medical bills (or health insurance premiums), and have similar reimbursement rights (subrogation), provided there are adequate insurance proceeds available after payment of the injured drivers' medical bills and accident-related claims. Additionally, the accident victims needing on-going treatment, along with the front-line medical community shouldering the care for catastrophic accidents, will benefit.

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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).