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MEMORANDUM

TO: Senate Committee on Health, Human Services, Insurance and Job Creation

DATE: February 28, 2008

FROM: Eric Englund

RE: SB 374 - Compulsory Auto Insurance

We appear today in opposition to this legislation.

Among life's most unpleasant experiences is being injured or having your property damaged in an automobile accident.

One of the few things worse than being in an auto accident is having the injury or damage caused by an uninsured driver. The victim of an uninsured driving accident has two responses:

- 1) Their life, limb and/or pocketbook are affected.
- 2) They're rightfully angered that the offender is not paying for their financial responsibility or being punished sufficiently.

Many well-intentioned people feel that compulsory auto liability insurance is the answer. More thorough consideration indicates that such insurance is not the answer. Why?

- 1) IT DOESN'T COMPEL - Offenders can drive without insurance just like they drive without licenses now.
- 2) IT'S VERY COSTLY - To enforce, as many states will document. The experience in New York, Massachusetts and Kansas support the substantial expense involved in attempted enforcement.
- 3) IT'S UNENFORCEABLE - From the experience of New York New Jersey and Idaho.
- 4) IT DOESN'T WORK - Anyone is free to cancel their insurance the day after licensing and to renew the policy the day before and avoid the law while driving all year without insurance.
- 5) IT DOESN'T PROTECT - Against hit-and-run and/or stolen cars.

What, then, is a better answer to the bad results from efforts at compulsory auto insurance?

- 1) The injury expenses for you and all members of your family are now covered under the statutorily required coverage for uninsured motorists. It is inexpensive and can be purchased to the limits you choose to protect yourself and your family. Your auto damage is better protected by collision insurance if the car is of value to you, than any reliance on the other person's insurance, compulsory or voluntary.
- 2) Your rightful anger at the offender is better answered by:
 - a) Strengthening present traffic laws.
 - b) The present revocation of license law.
 - c) Wisconsin's impoundment law, which gets the irresponsible person away from their car.
 - d) Wisconsin's financial responsibility laws.

Compulsory auto insurance does not compel, is too expensive, results in an administrative quagmire at taxpayer's expense, and is unnecessary because better alternatives, which it cannot and will not replace, are now available and working. Wisconsin's neighbors of Minnesota, Michigan and Illinois all have compulsory auto insurance laws. Wisconsin's neighbors of Minnesota, Michigan and Illinois all have higher percentage of uninsured drivers than Wisconsin. Compulsory auto insurance laws do not work.

For the reasons stated above, we urge this committee to withhold its approval of this bill.

THERE IS A VIABLE OPTION. It's our Wisconsin financial responsibility laws.

For years, Wisconsin laws have required financial responsibility on the part of all drivers. Under this law, a person responsible for an accident must be financially responsible for the damages caused by the accident or lose their license/automobile registration. That law works extremely well. For instance, in 2000 there were over 225,000 vehicles involved in reportable accidents according to the Wisconsin Department of Transportation. Of those vehicles, less than 4,500 drivers had their license suspended for a year for a failure to show financial responsibility. In other words, about 2% of those involved in accidents receive the mandatory one-year suspension.

Wisconsin's financial responsibility laws work. Our uninsured driving population is amongst the lowest in the country. Compulsory auto insurance laws do not work...they simply impose additional bureaucracies and expense on responsible drivers.