

**INTERIM REPORT OF THE
JOINT SUBCOMMITTEE STUDYING INSURANCE
RELATED PROBLEMS OF DISABLED AND
HANDICAPPED PERSONS**

TO

THE GOVERNOR

AND

THE GENERAL ASSEMBLY OF VIRGINIA



HOUSE DOCUMENT NO. 35

**COMMONWEALTH OF VIRGINIA
DEPARTMENT OF PURCHASES AND SUPPLY
RICHMOND**

1978

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**Report of the
Joint Subcommittee Studying Insurance
Related Problems of Disabled and
Handicapped Persons**

To

The Governor and the General Assembly of Virginia

Richmond, Virginia

January, 1978

To: Honorable Mills E. Godwin, Jr., Governor of Virginia

and

The General Assembly of Virginia

INTRODUCTION

The Joint Subcommittee Studying Insurance Related Problems of Disabled and Handicapped Persons was established pursuant to House Joint Resolution No. 247 of the 1977 Session of the General Assembly.

HOUSE JOINT RESOLUTION NO. 247

WHEREAS, many handicapped and disabled persons make significant contributions to our society and economy; and

WHEREAS, such persons are frequently the victims of multifarious forms of discrimination, some being subtle and others being blatant; and

WHEREAS, it appears that many handicapped and disabled persons are denied insurance or placed in special or assigned risk categories due exclusively to their handicap or disability and unrelated to their actual risk factor; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That the House Corporations, Insurance and Banking Committee and the Senate Commerce and Labor Committee are requested to appoint a six member joint subcommittee to study the rationale utilized to: (i) deny handicapped and disabled persons insurance; (ii) refuse to renew insurance for such persons; (iii) arbitrarily and capriciously place such persons in assigned risk categories. The joint subcommittee shall also study the feasibility of implementing a procedure for handicapped and disabled persons to appeal this assignment to special or assigned categories.

Upon completion of its study the joint subcommittee shall introduce such legislation as it deems appropriate.

All agencies of the Commonwealth are directed to fully cooperate with and assist the joint subcommittee in its study.

Erwin S. Solomon of Hot Springs, a member of the House of Delegates of Virginia, was elected Chairman. Joseph T. Fitzpatrick of Norfolk, a member of the Senate, was elected Vice-Chairman. In addition to the Chairman, appointed to serve from the House of Delegates were Theodore V. Morrison, Jr. of Newport News and W. Ward Teel of Christiansburg. In addition to the Vice-Chairman, appointed to serve from the Senate were Peter K. Babalas of Norfolk and Clive L. DuVal, 2d. of Arlington.

L. Willis Robertson, Jr. and Hugh P. Fisher, III of the Division of Legislative Services served as staff to the Subcommittee.

WORK OF THE SUBCOMMITTEE

The Subcommittee felt that as a first step, it should determine the extent to which disabled and handicapped people within the Commonwealth feel discriminated against, the ways that other states deal legislatively with insurance problems of these people, and the ways in which insurance companies within the Commonwealth deal with serving the insurance needs of disabled and handicapped persons. Therefore, the Subcommittee asked the Bureau of Insurance of the State Corporation Commission to conduct a study which would help determine answers to these questions. The Bureau agreed to conduct such a study and compile as much information as possible within the limited time available.

Subsequently, the Bureau obtained the necessary information in the followings ways:

(1) A questionnaire was mailed to people within the Commonwealth who hold disabled or handicapped Virginia Division of Motor Vehicles license plates. The questions on this questionnaire were designed to reveal problems disabled and handicapped people had encountered in obtaining insurance.

(2) 143 residents of the Commonwealth who attended the Virginia Conference on the Handicapped were sent a letter which sought to elicit

their views concerning insurance related problems of the disabled and handicapped.

(3) Insurance companies within the State were questioned concerning the underwriting standards they applied to disabled persons.

(4) A letter sent to all of the other states was designed to elicit information concerning those states' legislative activities regarding insurance problems of the disabled.

The Bureau's report to the Subcommittee, in its entirety, is included as Appendix A in this report.

The Questionnaire to Disabled and Handicapped Persons

Concerning the questionnaire sent to disabled drivers within the Commonwealth, the Bureau mailed questionnaires to 3,236 persons. The Bureau received approximately 2,000 replies, for a response rate of about 60%. Most of the questions on the questionnaire dealt with automobile insurance, although there was also one general question concerning other types of insurance.

Regarding automobile insurance, 78.9% of the respondents replied that they had not had difficulty obtaining automobile insurance as a result of their disability; 1.9% replied that they did not have a car or did not drive; 8.8 % indicated that automobile insurance was not available to them through the voluntary market and that such insurance had been obtained through the assigned risk plan (the Virginia Automobile Insurance Plan); 5.5% held that insurance was available through the voluntary market, but that at least one insurance company had turned down their application for insurance or quoted a rate higher than the norm because of the person's disability; 4.9% replied that they had encountered a problem when attempting to purchase automobile insurance, but they were not certain whether the problem was related to their disability. In summary, 19.2% of the respondents held that they had had to purchase insurance through the assigned risk plan, had been forced to pay higher than normal rates or had availability trouble, or possibly had encountered trouble in purchasing automobile insurance.

Respondents were also asked on the questionnaire to indicate which insurance companies they had complaints against concerning the purchasing of automobile insurance. The number of complaints against the fifty large automobile insurers in the Commonwealth are fairly proportionate among those companies to their market share. No one company generated a number of complaints significantly disproportionate to its size.

Moreover, the survey revealed that disabled people purchase automobile insurance in a pattern similar to the State's population as a whole. With the exception of one company, those companies writing the largest number of automobile insurance policies for the disabled also write a high percentage of automobile insurance for the State as a whole.

The Bureau tabulated the responses to the questionnaire on the basis of type of disability. The results concerning automobile insurance were as follows: 86% of those respondents who had internal disabilities (epilepsy, diabetes, metabolic diseases, heart disease, and mental and emotional illnesses) said that they had experienced no trouble in purchasing automobile insurance; 77% of those who suffered from loss or impairment of a limb held that they had encountered no difficulty; 70% of those that have a sight or hearing impairment said that they had had no trouble; 76% of those who are disabled by two or more of the aforementioned handicaps indicated that they had encountered no difficulty and; 77% suffering from disabilities other than those specified above held that they had encountered no problem. In summary, 80% of all those responding said that they had experienced no trouble in purchasing automobile insurance.

One interesting fact that emerges from the survey is that the percentage of disabled and handicapped people that are apparently forced to obtain automobile insurance through the assigned risk plan is approximately the same as the percentage of all drivers within the Commonwealth forced to obtain such insurance through that plan.

While the major thrust of the questionnaire dealt with automobile insurance, one question asked respondents to cite problems encountered when trying to purchase other types of insurance, such as life and health insurance. This question, and the responses given, were very broad; and responses could not be tabulated on the basis of type of insurance. However, the responses to this question apparently indicated that many respondents had encountered some type of problem in purchasing life and health insurance.

The Letter to Participants in the Virginia Conference on the Handicapped

On August 16, 1977, the Bureau of Insurance mailed a letter to 143 Virginia residents who had attended the Virginia Conference on the Handicapped. The Bureau received only eight written responses to these letters, which asked each participant in the conference what problems were regularly encountered by disabled people when purchasing insurance. Most of the problems cited by those responding centered around a company's refusal to insure the person because of his (or her) handicap.

The Letter to Insurance Companies

On March 7, 1977, the Bureau of Insurance mailed a letter to the Commonwealth's 75 largest automobile insurance companies. The letter asked each company to furnish information regarding its underwriting standards for disabled or physically handicapped applicants. Most companies indicated that the handicapped were conditionally accepted. In other words, the disabled person's application is given to the company's underwriters before the applicant is accepted. In these cases, of course, agents do not have binding authority. Most companies held that the decision to accept or reject the applicant depends on whether the disability may affect the applicant's operation of a motor vehicle.

The Bureau of Insurance also asked all companies that sell life and health insurance in Virginia to stipulate their underwriting policies relating to disabled and handicapped persons. The insurance companies' responses are very difficult to summarize and categorize, as they vary widely.

Information from Other States

So that information might be obtained that would reveal what legislative approaches other states had considered or adopted regarding insurance problems of the handicapped, a letter was sent to each state's bureau of insurance asking information on the subject. Of the 49 states other than Virginia, 31 responded. A summary of what the 31 states said in regard to both automobile insurance and other types of insurance is contained in the Bureau's report to the Subcommittee.

RECOMMENDATIONS

The Bureau of Insurance, in its report to the Subcommittee, suggested several legislative recommendations. These recommendations state that:

1. The Subcommittee and the General Assembly adopt recommendations 13, 14, and 15 of the President's Privacy Protection Study Commission. These recommendations hold that an insurance company should be required to state in writing the actual reason for an adverse underwriting decision. Also, the recommendations say that an insurance company should be prohibited from refusing to write coverage simply because an applicant has been refused coverage by another company. These recommendations would apply to all types of insurance.

2. The Joint Subcommittee seriously consider continuing the study so that problems concerning other types of insurance, such as life and health, could be examined in more detail.

A more detailed explanation of the Bureau's recommendations is contained in pages 28-29 of its report to the Subcommittee.

The Subcommittee feels that both of the Bureau's recommendations have merit; and, therefore, it endorses them. The Subcommittee believes that legislation should be enacted that would make an insurance company state in writing the actual reason for an adverse underwriting decision. Also, the Subcommittee feels that an insurance company should be prohibited from refusing to write coverage simply because an applicant has been refused coverage by another company. The Subcommittee feels that legislation effecting these changes will, hopefully, have the following beneficial results:

(1) Cause insurance companies to be more careful that the information they rely upon for underwriting decisions is accurate and the criteria used for such decisions are proper, since they will be forced to reveal the rationale for underwriting decisions.

(2) Allow individual consumers to correct erroneous information received by insurance companies, without asking the Bureau of Insurance to intervene.

(3) Provide the foundation for a future regulatory policy that will seek to end unfair discrimination in underwriting decisions.

For these reasons, the Subcommittee believes that the Bureau's first recommendation should be adopted.

Concerning the Bureau's second recommendation; that is, to seriously consider continuing the study, the Subcommittee feels that this idea also has merit and therefore favors the study's continuation for another year. The Subcommittee realizes that most of its work this year was concerned with automobile insurance problems of the disabled and handicapped.

It agrees with the Bureau that a closer look needs to be taken at the problems disabled and handicapped persons have in obtaining life, health, and other types of insurance. The Subcommittee notes that the limited information the Bureau collected concerning life and health insurance seems to indicate that disabled people have more trouble purchasing these types of insurance at reasonable rates than they do in obtaining automobile insurance at such rates.

Therefore, the Subcommittee feels that the study should be continued for another year, and a resolution to effect this constitutes Appendix B of this report.

CONCLUSION

The Subcommittee believes that it has made significant progress this year in addressing automobile insurance related problems of the disabled and handicapped. It looks forward next year to examining in more detail problems handicapped and disabled persons have in purchasing other types of insurance, including life and health insurance.

Respectfully submitted,

Erwin S. Solomon, Chairman

Joseph T. Fitzpatrick, Vice-Chairman

Peter K. Babalas

Clive L. DuVal, 2d.

Theodore V. Morrison, Jr.

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APPENDIX A
COMMONWEALTH OF VIRGINIA



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STATE CORPORATION COMMISSION
BUREAU OF INSURANCE

January 18, 1978

MEMORANDUM

TO: Mr. L. Willis Robertson
Staff Attorney

FROM: John G. Day
Commissioner *JGD*

RE: House Joint Resolution 247

Pursuant to our conversation, I am enclosing a copy of the draft of our study on the problems experienced by the handicapped in obtaining insurance. Please take all steps necessary for its publication.

Many thanks.

JGD:dj
Enclosure

REPORT TO THE JOINT SUBCOMMITTEE
STUDYING THE PROBLEMS OF DISABLED PERSONS
IN OBTAINING INSURANCE

Prepared by:

The Bureau of Insurance
State Corporation Commission
Commonwealth of Virginia
January 13, 1978

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Report to Joint Subcommittee Studying
the Problems of Disabled Persons in
Obtaining Insurance

Introduction

During the 1977 legislative session, the General Assembly passed House Joint Resolution No. 247 appointing a six member joint subcommittee to study the problems of disabled persons in obtaining insurance. (See Exhibit 1) At a hearing held by the subcommittee in July, 1977, it was decided that as a first step information should be obtained regarding insurance company underwriting standards, recent insurance problems encountered by disabled persons in Virginia and legislation adopted by states other than Virginia to deal with the insurance problems of disabled persons.

The Bureau of Insurance of the State Corporation Commission agreed to compile the information needed by the subcommittee to the extent possible in the limited time available. The Bureau received assistance both financial and staff support from Legislative Services.

The information contained in this report was obtained through the following types of surveys:

(1) A questionnaire was sent to people holding disabled veteran or handicapped license plates issued by the Virginia Division of Motor Vehicles. These drivers were asked to describe any problems they had encountered obtaining insurance. Some limited follow-up with insurance

companies regarding assigned risk drivers was also accomplished.

(2) A letter was sent to 143 Virginia residents who attended the Virginia Conference on the Handicapped. These people were asked for their impressions of the current problems of the disabled regarding insurance.

(3) Insurance companies operating in Virginia were asked to describe their underwriting standards regarding disabled people.

(4) A letter was sent to each state's insurance department requesting information on that state's activities regarding the insurance problems of the handicapped.

I. Results of Questionnaire Sent to Virginia's Disabled Drivers

In order to get an indication of the magnitude of the insurance problems now being encountered by disabled citizens of Virginia, a questionnaire was sent to each person having a disabled veteran or handicapped license plate issued by the Virginia Division of Motor Vehicles (DMV). The Questionnaire is attached as Exhibit 2. A total of 3,236 letters were mailed--1,655 letters went to holders of license plates indicating that the driver was a disabled veteran; 1,581 letters were sent to holders of license plates indicating that the driver was otherwise handicapped. Ninety-seven of the letters were returned unopened either because the addressee was unknown or deceased.

The Bureau received approximately 2,000 responses in the six weeks after the survey was mailed. This represents a response rate of about 60%.

Because the primary concern of the General Assembly, as indicated by House Joint Resolution 247, was the problems encountered by the disabled with regard to automobile insurance and because the recipients of the questionnaire were drivers, the focus of the survey was automobile insurance. Questions regarding problems with other types of insurance, however, were included in the survey.

A. Automobile Insurance

In tabulating the responses received with regard to automobile insurance, five categories of answers were established. These categories are:

1. "No Car or Does Not Drive" - Respondent indicated that the disabled member of the family does not drive or the automobile licensed by DMV was no longer owned by respondent.
2. "No Trouble" - Respondent indicated that problems relating to automobile insurance arising as a result of the existence of a disability had not been encountered.
3. "Currently in Assigned Risk" - Respondent indicated that automobile insurance was not available through the voluntary market as a result of the existence of a disability and that automobile insurance had been obtained through the Virginia Automobile Insurance Plan (assigned risk plan).
4. "High Rates or Availability Trouble" - Respondent indicated that although auto insurance was available through

the voluntary market, some insurance company(s) had refused an application for insurance or quoted a rate higher than normal on the basis of the existence of a disability.

5. "Possible Trouble" - Respondent indicated that problems with automobile insurance had been encountered although there was no direct evidence that the problem was directly related to the existence of a disability.

The number of responses and the percentage of the total in each category are listed below:

<u>Category</u>	<u>Number</u>	<u>Percentage</u>
1. No Trouble	1,529	78.9%
2. No Car or Does Not Drive	37	1.9%
3. Assigned Risk	171	8.8%
4. High Rates or Availability Trouble	106	5.5%
5. Possible Trouble	93	4.9%
TOTAL	1,936	100.0%

In addition to the five categories established above, the responses were separated and tabulated using two further sets of criteria. First, the responses were separated by the name of insurance company. Second, the responses were separated by type of disability.

In examining the responses on the basis of the name of the insurance company, two problems of analysis arose. Out of the total responding to the survey, 207 respondents had omitted the name of their insurance company and 57 had listed the insurance agency through which the policy was purchased rather than the company issuing the policy. Also, in some cases, it was impossible to distinguish which of two companies having a similar name was intended by the respondent. In this latter case, it was necessary to tabulate the responses of two separate companies in one total.

The table on pages 5, 6 and 7 lists Virginia's fifty largest companies by market share and shows the number of responses indicating that an auto policy was issued by each company. A breakdown of the type of responses in the five categories previously described is also shown. The asterisk following a company name indicates that two separate companies with similar names are contained in the totals.

This table shows that the number of complaints by the disabled people surveyed against Virginia's fifty

CATEGORIES

COMPANY	No Trouble	No Car Or Does Not Drive	Assigned Risk	High Rates or Availability Trouble	Possible Trouble	TOTAL
Aetna*	41	0	6	3	5	55
Allstate Ins. Co.	121	0	1	3	6	131
American Interinsurance Exchange	9	0	2	1	1	13
American Motorists Ins. Co.	5	0	0	0	0	5
American Mutual of Boston	2	0	0	0	0	2
Colonial Penn Ins. Co.	24	0	0	0	3	27
Commercial Union Ins. Co.	4	0	1	0	0	5
Continental*	7	0	0	0	2	9
Criterion Ins. Co.	8	0	4	3	1	16
Dairyland Ins. Co.	1	0	0	2	0	3
Early Settlers Ins. Co.	0	0	0	0	0	0
Erie Ins. Exchange	15	0	2	2	0	19
Excell Ins. Co.	0	0	0	0	0	0
Federated Mutual Ins. Co.	4	0	1	0	1	6
Fidelity & Casualty Ins. Co.	0	0	0	0	0	0

CATEGORIES

COMPANY	No Trouble	No Car Or Does Not Drive	Assigned Risk	High Rates or Availability Trouble	Possible Trouble	TOTAL
Fireman's Fund Ins. Co.	4	0	1	1	0	6
Globe Indemnity Co.	0	0	0	0	0	0
GEICO	210	2	16	5	15	248
Great American Ins. Co.	1	0	0	0	0	1
Harleysville Mutual Ins.Co.	10	0	3	3	0	16
Hartford A.& I. Ins. Co.	25	0	3	2	3	33
Home Indemnity Co.	4	0	3	1	0	8
INA	7	0	5	1	1	14
Liberty Mutual Fire Ins. Co.	28	0	0	2	2	32
Lumbermens Mutual Casualty Co.	12	0	0	1	0	13
Maryland Casualty Co.	12	0	0	0	0	12
Nationwide Mutual Ins. Co.	148	0	15	7	8	178
New Hampshire Ins. Co.	2	0	1	0	0	3
Peerless Ins. Co.	1	0	3	0	0	4
Pa. National Mutual Casualty Co.	3	0	2	0	0	5

CATEGORIES

COMPANY	No Trouble	No Car Or Does Not Drive	Assigned Risk	High Rates or Availability Trouble	Possible Trouble	<u>TOTAL</u>
Phoenix Ins. Co.	3	0	0	0	0	3
Reliance Ins. Co.	2	0	1	0	0	3
Royal Globe Ins. Co.	7	0	1	1	2	11
St. Paul Fire Marine	3	0	1	1	0	5
Selected Risks Ins. Co.	0	0	0	0	0	0
Shelby Mutual Ins. Co.	9	0	0	1	0	10
State Farm Ins. Cos.	134	2	3	8		9
Travelers Indemnity Co.	97	1	18	14	2	132
Unigard Mutual Ins. Co.	1	0	0	0	0	1
'SAA*	05	4	5	1	2	117
United States Fidelity and Guaranty Co.	22	0	1	3	3	29
S. Fire Ins. Co.	7	0	0	0	0	7
Universal Underwriters Ins. Co.	0	0	0	0	0	0
Utica Mutual Ins. Co.	2	0	0	2	0	4
Virginia Farm Bureau Mutual Ins. Co.	40	2	4	1	1	48
Virginia Mutual Ins. Co.	4	0	0	1	0	5

largest insurers are fairly equally distributed among those companies based on their market share. No one company generated a disproportionate number of complaints. In fact, some companies such as Allstate and Colonial Penn generated very few complaints in relation to the number of disabled drivers insured.

The ten companies issuing the largest number of automobile policies to disabled individuals responding to the Bureau's survey are: Allstate Insurance Company, Colonial Penn Insurance Company, Government Employees Insurance Company (GEICO), Hartford Accident & Indemnity Company, Liberty Mutual Fire Insurance Company, Nationwide Mutual Insurance Company, State Farm Insurance Companies, Travelers Indemnity Company, United States Automobile Association (USAA) and Virginia Farm Bureau Mutual Insurance Company.

With the exception of Colonial Penn Ins. Co., all of those companies writing a large number of the disabled people surveyed also write a large portion of the total automobile insurance issued in Virginia. Colonial Penn Ins. Co., the only company not in the top 30 companies by total market share, has a primary marketing strategy of selling insurance to drivers age 50 and above. The median age of Colonial Penn's policyholders is 66. The following table gives the 1976 market share and the rank of those companies listed above for the total auto liability insurance issued in this Commonwealth as well as the number

of disabled persons surveyed who stated that they were insured by that company and a ranking of the number of survey responses.

COMPANY	Total Market Share	Rank	Number of Insured Disabled Persons	Survey Rank
State Farm Co.	13.8%	1	194	2
GEICO	8.1%	2	248	1
Nationwide Ins. Co.	7.8%	3	178	3
Allstate Ins. Co.	6.9%	4	131	5
Travelers Indemnity Co.	5.6%	5	132	4
USAA	4.4%	6	117	6
Hartford A. & I. Co.	2.9%	9	33	8
Virginia Farm Bureau	1.5%	13	48	7
Liberty Mutual	1.4%	15	32	9
Colonial Penn Ins. Co.	(not in top 30)		27	10

This table seems to indicate that disabled persons obtain auto insurance in a pattern similar to that of the general population.

The second tabulation of the responses received was done on the basis of the type of disability. Once again, five categories of answers were established. These categories are:

1. Internal Disability - Includes diabetes, heart disease, epilepsy, metabolic diseases

and emotional and mental illnesses.

2. Loss or Impairment of Limb - Includes amputation, paralysis, stroke and other motor impairments and handicaps.
3. Hearing or Sight Impairment - Includes any form of vision or hearing deficiencies.
4. Combination of Impairments - Includes any two or more of the disabilities listed in the previous three categories.
5. Other Impairment Includes any handicap or disability which was either unclear from the response or which was not able to be classified in any of the four categories listed above.

The table on the next page tabulates the responses by type of disability. The categories of "loss or impairment of limb" and "other" had total complaint rates of 23%. The category of "hearing or sight impairment" had a complaint rate of 16% and the category of "internal disability" had a rate of 11%.

In making a determination of the relative degree of discrimination suffered by disabled people in obtaining automobile insurance, it is helpful to compare the percentage of disabled people responding to the survey that they believed they were issued insurance through the assigned

CATEGORIES

DISABILITY	% Trouble	No Car Or Does Not Drive	Assigned Risk	High Rates or Availability Trouble	Possible Trouble	<u>TOTAL</u>
Internal Disability						
--Number	371	2	25	12	12	432
--Percentage	86%	3%	5%	3%	3%	100%
Loss or Impairment of Limb						
--Number	863	10	106	72	64	1,115
--Percentage	77%	0%	10%	7%	6%	100%
Hearing or Sight Impairment						
--Number	26	5	3	2	1	37
--Percentage	70%	14%	8%	5%	3%	100%
Combination						
--Number	191	9	26	13	12	251
--Percentage	76%	4%	10%	5%	5%	100%
Other						
--Number	78	1	11	7	4	101
--Percentage	77%	0%	11%	7%	5%	100%
TOTAL						
--Number	1,529	37	171	106	93	1,936
--Percentage	80%	2%	8%	5%	5%	100%

risk plan with the percentage of the total driving population in Virginia that actually obtained insurance through the Plan. Of those disabled persons responding to the Bureau's survey, 171 or approximately 8% indicated that they believed they had obtained insurance through the assigned risk plan. Data obtained from AIPSO, a data gathering agency for residual market mechanisms, indicates that the percentage of assigned written car years to the total voluntary written car years in Virginia was approximately 9% during 1976. Percentage projections for 1977 from AIPSO data indicate that this percentage will exceed 9%. Thus, the responses to the Bureau's survey indicate that the percentage of disabled persons forced to obtain insurance through the assigned risk plan is about the same as the percentage of the general population forced to use the assigned risk plan.

With regard to those disabled drivers believing that their insurance policies were issued through the assigned risk plan, the Bureau attempted to obtain some verification and justification from insurance companies involved. 115 disabled policyholders of 30 companies provided enough information to allow the Bureau to contact the company. At this time, responses from 21 companies insuring 96 autos having disabled veteran or handicap license plates have been received. The insurance companies responding were able to confirm that 86 of the 96 policies inquired about by the Bureau were currently in existence.

Only 49 of these 86 policies were described by the companies as issued through the assigned risk plan. The remaining 37 policies were insured voluntarily by the companies at their standard rates.

In response to the question of whether the company would be willing to voluntarily issue a policy to the policyholder currently insured by assignment, the companies responded in the affirmative in 27 out of 49 individual cases. In those cases where the company responded that it would refuse to issue a policy voluntarily, the reason for refusal was the policyholder's driving record in 19 individual cases.

This limited follow-up with insurance companies reveals that confusion exists among disabled policyholders regarding the treatment that they receive from insurance companies. It also reveals that, in some cases, disabled people obtain insurance through the assigned risk plan when lower rate insurance is available through the voluntary market.

B. Insurance Other than Automobile Insurance

While the major focus of the questionnaire was automobile insurance problems, one question was included regarding problems with other types of insurance. This question did not request detailed information concerning this broad area and the responses evidenced some misunderstanding of the question. If a problem did exist, many

times it was difficult to tell from the response what type of insurance was involved. There was also no indication if some of the problems encountered were due solely to a disability. Additionally, some respondents gave detailed descriptions of particular problems which do not lend themselves to generalizations. No verification of the responses could be made because the respondents were requested to list only their automobile insurance company.

It was not possible to tabulate responses on the basis of type of insurance because of the broad nature of the question asked and the types of responses given. However, it did seem that where trouble had been encountered, in many instances, the problems involved obtaining life and health insurance. It was possible to tabulate the responses to the non-auto question using only three general categories. These categories are:

1. Insurance Other than Auto - No Trouble:
Respondent indicated that no problems had been encountered relating to obtaining or maintaining insurance other than automobile insurance including life, health, disability and credit insurance.
2. Insurance Other than Automobile - Possible Trouble: Respondent indicated that problems had been encountered relating to insurance other than automobile insurance.

3. Insurance Other than Auto - Other: Respondent either made no response to the question or gave a contradictory answer or explanation.

Responses could also be tabulated based on type of disability using the same five categories set forth in subsection A. The table below sets forth the number of responses received and the percentage in each category.

TYPE OF DISABILITY	<u>CATEGORIES</u>						TOTAL
	<u>No Trouble</u>		<u>Possible Trouble</u>		Other		
	Number	%	<u>Number</u>	%	<u>Number</u>	%	
Internal Disability	239	55%	173	40%	20	5%	432
Loss or Impairment of Limb	722	64%	340	31%	53	5%	1,115
Hearing or Sight Impairment	30	81%	3	8%	4	11%	37
Combination	127	51%	117	46%	7	3%	251
Other	52	51%	42	42%	7	7%	101
TOTAL	1,170	60%	675	35%	91	5%	1,936

II. Results of Questionnaire Sent to Those Attending the Virginia Conference

On August 16, 1977 a letter was sent to 143 persons in Virginia who attended the Virginia Conference on Handicapped individuals. Each of these people were asked to summarize any problems regularly encountered by disabled people either in obtaining insurance or in being charged rates higher than normal.

The Bureau of Insurance received eight written responses to these requests for information. Five of the responses were concerned with specific problems of the deaf and the blind. The remaining three letters focused on specific problems of individuals having motor impairments.

Most of the concerns expressed by those describing specific problems centered around an insurance company's refusal to issue a policy because of the existence of a handicap. For example, instances of a company's refusal to issue life insurance, burial insurance and hospitalization insurance to a blind person were described; two instances of a company's refusal to issue auto insurance because of the need for hand controls were related; and a letter from an insurance company declining to issue life insurance without giving the reason was submitted by a paraplegic.

In addition, the Virginia Council for the Deaf submitted information from a survey which it conducted

among deaf persons on its mailing list. The information concerning automobile insurance was consistent with the findings of the Bureau's questionnaire. 24% of the deaf people surveyed indicated that they had had trouble obtaining auto insurance. The survey conducted by the Council also indicated that 8% of those having health insurance policies had encountered problems obtaining it and 9% of those having life insurance had encountered problems obtaining it.

III. Insurance Company Underwriting Standards Relating to Disabled Persons

A. Automobile Insurance

On March 7, 1977 the Bureau of Insurance sent a letter to the 75 largest personal automobile insurance companies in Virginia requesting information concerning each company's underwriting standards for the physically handicapped or disabled applicant or insured. Most companies responded that physically handicapped licensed drivers were conditionally acceptable. In other words, agents are not given binding authority in such cases and the disabled person's application must be submitted to the company's underwriters prior to acceptance. The decision to accept or reject the risk is based on a judgment of whether the handicap may have an effect on the safe operation of a motor vehicle.

Some companies have developed very elaborate standards to guide their underwriters in making this judgment. (See Exhibit 3, Criterion Insurance Company) Others require a medical evaluation by professionals. (See Exhibit 4, State Farm Insurance Company) Still others rely exclusively on the judgment of their underwriters. (See Exhibit 5, Harleysville Mutual Insurance Company)

Of all companies responding to the Bureau's request, only two insurers reported that handicapped and disabled persons were treated no differently in either issuance or rating of insurance. These two companies are Allstate and Dairyland Insurance Company. (See Exhibit 6)

Liberty Mutual Insurance Company said that it relied on two studies of physically handicapped drivers in the development of its underwriting standards. These studies are included as Exhibits 7 and 8.

B. Insurance Other than Auto

The Bureau of Insurance also requested each company licensed to write life and health insurance in Virginia to describe its underwriting policies with respect to handicapped and disabled persons. The responses received varied widely and are very difficult to categorize and summarize.

Many of the companies licensed responded that with regard to the issuance of individual life and health insurance policies, they follow the mortality and morbidity

ratings and statistics developed by one or more of the larger reinsurance companies. Excerpts from the reinsurance manual of Lincoln National Life Insurance Company is contained in Exhibit 9. Annex A of that Exhibit contains explanations of various abbreviations. Annex B outlines the ratings applied to individual life insurance coverages for certain disabilities and Annex C provides similar information for individual health coverages.

With regard to group life and health insurance, most companies responded that as long as a person met the general eligibility requirements of the group (i.e, employed by a purchaser of a group policy) no further individual underwriting on the basis of a disability is done.

Several companies emphasized the fact that no category labeled "handicap" or "disability" was employed in making underwriting decisions. Rather, company underwriters base their decisions on the individual characteristics of an applicant that have bearing on mortality and morbidity.

IV. Legislation of Other States

In order to learn what approaches towards the insurance problems of the disabled had been considered or adopted in other states, a letter was sent to each insurance commissioner requesting information concerning this problem. (See Exhibit 10) Thirty-one states responded.

The table on the next page lists those states responding that they currently have legislation dealing with the insurance problems of the handicapped or disabled and states those lines of insurance to which the legislation applies.

A. Automobile Insurance

Of the thirty-one states responding, eleven states had laws prohibiting unfair discrimination against the handicapped in the issuance or rating of automobile insurance. These laws are in three different forms.

The first type of law is one that deals directly with automobile insurance. Wisconsin and Minnesota laws are examples of this type of approach. (See Exhibit 11) The second type of law is one containing a general prohibition against unfair discrimination which is usually placed in the part of the state's code dealing with unfair insurance trade practices. This approach does not isolate automobile insurance, but instead, prohibits unfair discrimination in the issuance or rating of all types of insurance. Michigan and Washington laws are examples of this type of approach. (See Exhibit 12) While this second approach does prohibit unfair discrimination, each state's law allows insurance underwriting decisions to be made on the basis of the existence of a handicap if the company can demonstrate a reasonable relationship between the handicap and the risk based on sound actuarial principals.

Summary of Responses:
Legislation Adopted in
Other States

	Automobile	Property	Life	Accident & Health	All Lines
Arkansas			XX		
California			XX	XX	
Florida*			XX	XX	
Iowa			XX		
Maryland	XX	XX	XX	XX	XX
Massachusetts	XX**	?	?	?	?
Michigan	XX	XX	XX	XX	XX
Minnesota	XX		XX	XX	
North Carolina	XX**				
New Hampshire	XX**				
New York			XX	XX	
Ohio*	XX	XX	XX	XX	XX
Oregon			XX		
Rhode Island	XX				
South Carolina	XX**				
Washington	XX	XX	XX	XX	XX
Wisconsin*	XX	XX			

Legend: XX = Legislation has been adopted.
 No legislation has been adopted.
 * = Definition of disability or handicap contained in legislation.
 ** = Auto insurance reinsurance facility.
 ? = Response addressed legislation in auto area only.

The third approach is one that prohibits companies from refusing to issue an automobile insurance policy to any applicant having a valid drivers license and allows companies to cede any risk once accepted to a reinsurance facility. This approach has been adopted in Massachusetts, New Hampshire, North Carolina and South Carolina.

B. Insurance Other than Automobile

Of the thirty-one states responding to the request by the Virginia Bureau of Insurance for information concerning insurance problems of the disabled, eleven states have laws dealing with unfair discrimination against disabled people in the issuance or rating of life insurance policies and eight states had similar laws relating to accident and health insurance policies. In most cases these laws contain very broad language prohibiting unfair discrimination between individuals of the same class and equal life expectancy. No state has adopted regulations setting more specific standards. For example, see Exhibit 13 for laws currently in effect in Oregon, Iowa and Minnesota.

In some cases, those states responding affirmatively to having legislation dealing with the problems of disabled people in the issuance of life and accident and health insurance had laws dealing only with a very narrow area of concern. For example, one of the states having legislation regarding accident and health insurance required only that a family policy must include coverage for

a handicapped dependent child. No further general prohibition against discrimination was contained in the law.

C. Definition of Handicap or Disability

Only three of those states having legislation dealing with the insurance problems of the disabled attempted to define what types of physical or mental conditions were encompassed by the statutory reference. For example, Florida's statute prohibiting unfair discrimination in the issuance or rating of life insurance or disability insurance applies only to those having a "severe disability." (See Exhibit 14) Ohio's law prohibiting unfair discrimination in the underwriting of all types of insurance solely on the basis of a handicap does contain a definition of the term handicap. (See Exhibit 15)

V. Summary

The limited review of the insurance problems of disabled persons that was undertaken by the Bureau seems to indicate that a significant number of disabled people believe they have encountered insurance problems. More specifically, 14% of the disabled drivers surveyed reported that they had experienced difficulty in either obtaining auto insurance or in receiving an appropriate rate. Another 5% said they experienced difficulty but were unable to attribute it directly to the existence of a disability.

With respect to insurance other than auto, 35% surveyed indicated that they had encountered some difficulty.

A large majority of those surveyed, however, felt that they had not been treated unfairly by their insurance company. Eighty percent expressed satisfaction with their auto insurer. Sixty percent said that they had encountered no difficulties obtaining insurance other than auto.

Whether the discrimination perceived by some disabled people is unfair is difficult to determine. Because of the time available, only limited verification with respect to automobile insurance problems was possible. The verification that was done seems to indicate that there was considerable confusion on the part of disabled policyholders as to whether they were in fact in the assigned risk plan or whether they had been charged a higher than normal rate.

Not only does there appear to be general confusion among disabled policyholders regarding whether an insurance company has treated them abnormally because of a disability, there is also confusion regarding when it is appropriate or fair to treat an individual abnormally because of a disability. This confusion is the result of several factors: (1) certain disabilities can have a direct adverse impact upon mortality, morbidity and accident frequency (2) it is difficult to measure with

precision the extent to which a disability affects risk of loss especially on an individual basis and (3) the decision regarding whether a disability affects the risk of loss to such an extent that special treatment relative to other policyholders is warranted involves considerable judgment. These factors are very much in evidence in responses to the Bureau's survey of insurance companies regarding underwriting standards applicable to disabled persons.

The general response of insurance companies was that disabled persons were declined coverage or charged higher rates than normal only if the disability significantly increased the risk of loss. Company responses also indicated that the determination of whether a disability increased the risk of loss is made in a variety of ways.

The limited data collected suggest that considerable judgment is exercised by insurance companies on an individual basis in making a determination of whether a specific disability is likely to significantly affect mortality, morbidity or accident frequency. It is probable that difficulties are perceived by disabled people when the judgment of the company underwriters differs from the judgment of the disabled applicant for insurance regarding these affects. The limited data also suggest that the insurance problems perceived by disabled people are similar to the insurance problems faced by the public in general. This is particularly so with respect to automobile insurance.

VI. Legislative Recommendations

One possible legislative approach to the problems encountered by disabled persons is to add the words "physical handicap or disability" to the specific reasons already deemed to be unfairly discriminatory with respect to automobile insurance, such as sex, occupation, and age.^{1/} While this approach would be consistent with the way in which similar problems have been handled in the past, such an approach has distinct limitations.

First, the express underwriting prohibitions now contained in the law are very difficult to enforce. For example, a prohibition is applicable only if the prohibited criteria are the "sole" reason for the failure to issue or renew coverage. More often than not, some other non-prohibited contributory reason can be found to justify the company's action. In fact, the primary reason for an adverse underwriting decision, especially if it is a prohibited one, often can only be gleaned by a review of the company's underwriting file--a very time consuming and resource intensive process.

Additionally, enforcement of the prohibition is uneven. Usually violations are called to the Bureau's attention by complaint and the number of complaints is influenced by the degree to which companies give accurate reasons for their adverse underwriting decision. Some

^{1/} §§38.1-381.5 and 6, Code of Virginia.

companies and agents inform individuals of the reasons for underwriting decisions. Most, however, do not. In this respect, it should be noted that at the same time that the Virginia Code expressly prohibits companies from relying solely upon certain underwriting criteria such as age and sex, the Code does not require a company to give the reasons for cancelling an automobile policy within the first sixty days after its issuance.

The limitations of a specific prohibition solution, such as the one currently in use with regard to discrimination on the basis of age or sex, are even greater with respect to discrimination against disabled people. For example, the difficulties of the disabled are not limited to automobile insurance. In fact, the data indicate that a major problem for the disabled lies in the area of life and health insurance.

In addition, the term "physical handicap or disability" does not lend itself to precise determination or definition as does occupation, sex or age. Also, this solution would have the effect of prohibiting an insurance company from failing to issue or non-renewing an auto policy solely on the basis of a disability, but it would not prevent the company from setting a higher rate for the policy if the rate was based on relevant actuarial data.

Because of these considerations, the Bureau believes that far more could be accomplished not only for the disabled person but for the entire insuring public by

devising methods designed to make the insurance industry more accountable for its underwriting and rating decisions. As a first step in this process, the Bureau recommends that the General Assembly enact recommendations 13, 14 and 15 of the President's Privacy Protection Study Commission. These recommendations would require an insurance company or its agent to disclose in writing the actual reason for any adverse underwriting decision. The proposed legislation would also prohibit a company from refusing to write coverage merely because a person's application for insurance was rejected by some other insurance company. Instead, each insurance company would be required to undertake its own independent investigation and evaluation of a risk. In addition, the proposed legislation would provide the means by which applicants could correct erroneous data or information relied upon by an insurance company or its agent. Finally, the recommended legislation would not be limited to automobile insurance. Instead, it would apply to all insurance including, life and health insurance.

This proposed change hopefully will have several beneficial results. Because companies and agents will be required to disclose the rationale for their underwriting decisions, they will be more circumspect regarding the criteria they use and will be more diligent in making sure that the information they rely upon is accurate. It will also provide a means by which erroneous information received

by insurance companies can be corrected by individual consumers without the intervention of the Bureau of Insurance. Finally, this legislation will be the first step of developing an informational source that will form the basis of future regulatory policy with regard to unfair discrimination by insurance companies in their underwriting decisions.

The Bureau also recommends that the Joint Subcommittee Studying the Problems of Disabled Persons in Obtaining Insurance consider further study concentrated in the areas of life and health insurance.

LD6559

HOUSE JOINT RESOLUTION NO. 247

Offered January 24, 1977

Requesting a joint subcommittee of the House Corporations, Insurance and Banking Committee and the Senate Commerce and Labor Committee to study the insurance related problems of disabled and handicapped persons.

Patron—Lechner

Referred to the Committee on Corporations, Insurance and Banking

WHEREAS, many handicapped and disabled persons make significant contributions to our society and economy; and

WHEREAS, such persons are frequently the victims of multifarious forms of discrimination, some being subtle and others being blatant; and

WHEREAS, it appears that many handicapped and disabled persons are denied insurance or placed in special or assigned risk categories due exclusively to their handicap or disability and unrelated to their actual risk factor; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That the House Corporations, Insurance and Banking Committee and the Senate Commerce and Labor Committee are requested to appoint a six member joint subcommittee to study the rationale utilized to: (i) deny handicapped and disabled persons insurance; (ii) refuse to renew insurance for such persons; (iii) arbitrarily and capriciously place such persons in assigned risk categories. The joint subcommittee shall also study the feasibility of implementing a procedure for handicapped and disabled persons to appeal this assignment to special or assigned categories.

Upon completion of its study the joint subcommittee shall introduce such legislation as it deems appropriate.

All agencies of the Commonwealth are directed to fully cooperate with and assist the joint subcommittee in its study.

THE VIRGINIA WHITE HOUSE CONFERENCE
ON
HANDICAPPED INDIVIDUALS

Chairman
Allamont Dickerson, Jr., Commissioner
Department of Vocational Rehabilitation
P. O. Box 11045
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(804) 786-2091
TTY: (804) 786-7046, Ext. 270

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Fishersville, Virginia 22939
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Thomas C. Michael
Commission for the Visually Handicapped
3003 Parkwood Avenue
Richmond, Virginia 23221
(804) 786-2181

July 20, 1977

Dear Fellow HP License Bearer:

We are living in a time when handicapped awareness is at a peak, as evidenced by the Rehabilitation Act of 1973 and the recent White House Conference on Handicapped Individuals. If we take advantage of opportunities for input, we can be instrumental in effecting many improvements in conditions for persons who are handicapped.

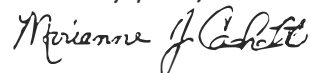
Peggy Bendrick, Susan Spielberg, and I recently had the experience of testifying before a joint subcommittee studying possible discrimination against the handicapped by insurance companies. This study was mandated by the last General Assembly.

It became evident during this hearing that facts are not known about suspected discrimination relating to insurance. The enclosed questionnaire is being distributed to all bearers of HP license plates to gather data to support legislation ending discrimination, if such is needed. This first questionnaire emphasizes primarily automobile insurance and will be followed by questionnaires relating to other types of insurance. Please fill out the attached and return promptly to the Commissioner of Insurance so this study can be expedited.

It was noted during the hearing that the Bureau of Insurance has a "hotline" which can be called as problems occur. I was not aware of this, and perhaps you were not either. This toll free number is 1-800-552-9760.

Thank you for your assistance.

Sincerely yours,



Marianne J. Cashatt
Co-Director
Virginia Conference on
Handicapped Individuals

cc: file
MJC/sm

THE VIRGINIA WHITE HOUSE CONFERENCE
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Thomas C. Michael
Commissioner of the Virginia Board of Health
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Richmond, Virginia 23221
(804) 786-2181

July 20, 1977

Dear DV License-Bearer:

We are living in a time when handicapped awareness is at a peak, as evidenced by the Rehabilitation Act of 1973 and the recent White House Conference on Handicapped Individuals. If we take advantage of opportunities for input, we can be instrumental in effecting many improvements in conditions for persons who are handicapped.


Peggy Bendrick, Susan Spielberg, and I recently had the experience of testifying before a joint subcommittee studying possible discrimination against the handicapped by insurance companies. This study was mandated by the last General Assembly.

It became evident during this hearing that facts are not known about suspected discrimination relating to insurance. The enclosed questionnaire is being distributed to all bearers of DV license plates to gather data to support legislation ending discrimination, if such is needed. This first questionnaire emphasizes primarily automobile insurance and will be followed by questionnaires relating to other types of insurance. Please fill out the attached and return promptly to the Commissioner of Insurance so this study can be expedited.

It was noted during the hearing that the Bureau of Insurance has a "hotline" which can be called as problems occur. I was not aware of this, and perhaps you were not either. This toll free number is 1-800-552-9760.

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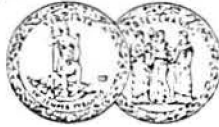
Sincerely yours,



Marianne J. Cashatt
Co-Director
Virginia Conference on
Handicapped Individuals

cc: file
MJC/sm

COMMONWEALTH OF VIRGINIA



JOHN G. DAY
COMMISSIONER OF INSURANCE
JAMES W. NEWMAN
DEPUTY COMMISSIONER OF INSURANCE

BOX 1197
RICHMOND, VA 23299
TELEPHONE (804) 786-3741

STATE CORPORATION COMMISSION
BUREAU OF INSURANCE

The Virginia General Assembly is interested in the experiences of handicapped persons with insurance. One part of this effort relates to automobile insurance. The success of this inquiry depends upon your cooperation and assistance in answering the questions set forth below. Please return this completed questionnaire in the enclosed self-addressed stamped envelope. Thank you.

QUESTIONNAIRE

Name:

Address:

Nature of Handicap:

A. Present Automobile Insurance Coverage

1. Did you get your insurance through the Virginia Automobile Insurance Plan (the "assigned risk" plan)?

Yes No

2. Name of Insurance Company

Automobile Insurance Policy Number:

3. Do you think you are being charged higher than normal rates because of your handicap?

Yes No

If "yes," please explain:

4. Did you have any trouble getting your present automobile insurance coverage?

Yes No

If "yes," please explain:

B. Aubomobile Insurance Coverage in Prior Years

1. Have you ever had to obtain your insurance through the assigned risk plan because of your handicap?

Yes No

If "yes," please indicate the number of years you received coverage through the assigned risk plan:

2. Have you ever been refused automobile insurance because of your handicap?

Yes No

If "yes," how many times? _____

When? Give approximate date for each time and the company, if you can remember?

C. Insurance Problems Other than Automobile Insurance

Have you had any problems with other types of insurance, such as refusal by an insurance company to issue you an insurance policy, being charged extra for your coverage, or having to accept reduced or restricted coverage because of your handicap?

Yes No

Type of Insurance: Life Insurance
Health Insurance
Disability Insurance
Credit Insurance
Other

If "yes," please explain:



Criterion

INSURANCE COMPANY

GOVERNMENT EMPLOYEES INSURANCE OPERATIONS BUILDING
WASHINGTON, D. C. 20018

Commonwealth of Virginia
State Corporation Commission
Bureau of Insurance
Box 1157
Richmond, Virginia 23209

ATTN: JOHN G. DAY
COMMISSIONER OF INSURANCE

APR 03 1977
BUREAU OF INSURANCE



Dear Commissioner Day:

Your letter to the Office of the President has been referred to my attention for reply.

As requested, we are enclosing a copy of our underwriting guidelines containing directions for treatment of persons with physical impairments.

Our approach to insuring handicapped or disabled drivers is based on individual risk underwriting. A key consideration is the applicant's driving experience under the handicap. The specific instructions are included on page 5 item 5 and page 9 item number H.

Our underwriting guidelines are correlated with the guidelines of our affiliated Company, Government Employees Insurance Company. GEICO studies and information provided the basis for our underwriting requirements.

Should you have any questions please feel free to contact me (301-986-2337).

Very truly yours,

R. L. Newberry
R. L. NEWBERRY
Vice President

RLN/jme

April 1, 1977

Enclosure

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CRITERION
PHYSICAL IMPAIRMENTS GUIDE

I. GENERAL FACTORS TO CONSIDER

When presented with an applicant reporting a physical condition or impairment that might interfere with the driving task, the following factors should be determined:

1. How long has the individual had the condition?
2. How long has the individual been driving with the condition?
3. Has the condition stabilized during the past 3 years or have there been recent occurrences that might be associated with the impairment?
4. What types of medication is the driver taking?
5. Is the condition characterized by progressive deterioration?
6. Has the person recently been canceled by an insurance carrier because of the condition?
7. Is there any evidence of compensation mechanisms that might offset the effects of the condition. Example: extra mirrors, hand controls, etc.?

From the answers to these questions and the person's experience in driving an automobile with the condition or impairment, some decision can be reached on his insurability with Criterion.

II. GENERAL DESCRIPTIONS

The following section deals with a description of the symptoms generally associated with physical conditions and impairments that may cause concern to the underwriter.

1. Diseases Involving Loss Of Consciousness or Seizures.

This area more than any other poses serious underwriting problems. While the actual frequency of attacks may be low, the severity of the results of an attack while operating an auto can be catastrophic. Included within this group of diseases or conditions are:

A. Epilepsy

There are many forms of epilepsy. Characteristic of the condition is the loss of voluntary muscle control that can range from a total seizure where the individual is subject to convulsions to minor attacks where the seizure is more limited.

The term epilepsy actually refers to a symptom. The cause of the seizures may be some form of brain scar or injury. For this reason and because of the stigma associated with the word "epilepsy", physicians usually refrain from using this term. Instead, the more usual practice is to tell the patient he is subject to seizures or convulsive disorders.

The types of epilepsy include:

1. Grand Mal

This type is characterized by a general convulsive episode. Often an "aura" precedes the episode. This may be in the form of a specific odor, noise, or visual sensation.

2. Petit Mal

The major symptom of this type of epilepsy is the loss of consciousness. There is no convulsion. The seizure may last from a fraction of a second to several seconds. In the mildest attacks the individual may note only faintness, in the more severe attacks, he may fall to the ground.

3. Psychomotor Epilepsy

In this form of epilepsy, the individual while unconscious, carries out highly organized and repeated acts. The duration of the episode may be from a few seconds to several minutes.

4. Jacksonian Epilepsy

In these attacks there is a focal onset in the hand, foot or mouth. The convulsion may remain localized or may become generalized. This form of epilepsy is almost always a sign of organic disease of the brain. It is sometimes

possible to correct the situation through surgery.

B. Apoplexy (Stroke)

A constant flow of blood to the brain is mandatory if the individual is to remain conscious. In the case of a stroke, this flow of blood has been interrupted by a sudden bursting of a blood vessel or obstruction of an artery. Depending upon the nature and severity of the stroke, there may be some brain damage. The individual may need a lengthy recuperative process to regain the use of paralyzed limbs, speech, etc. Thus, it is important to determine not only the occurrence of the stroke but the lasting effects of the condition.

High blood pressure has been termed the most common cause of strokes. It is difficult to define the "ideal" blood pressure. This measure varies considerably from one individual to the next and within the same individual at given periods of time.

C. Fainting, Blackouts (Syncope)

Syncope or fainting refers to a brief loss of consciousness with complete recovery within a few minutes. The attacks can usually be aborted if the individual can lie down. Attacks of this nature usually increase in frequency with age.

D. Vertigo or Dizziness

Vertigo means the individual turning around his surroundings or the surroundings turning around the individual. It is in effect an altered equilibrium.

Dizziness is often used to describe a number of symptoms including feelings of lightheadedness, giddiness, unsteadiness, weakness and fainting.

2. Heart Disease

Heart disease is a major health problem facing the United States. Most common is arteriosclerosis which involves the progressive thickening or hardening of the major arteries of the body. Blood flow is inhibited causing probable heart damage. Organic heart disease usually arises from rheumatic fever, congenital defects, etc.

The risk to driving in the case of heart disease is the possibility of a massive heart attack while driving. Unfortunately, many individuals are unaware of their heart "conditions".

3. Metabolic Diseases

The most common disease in this category is diabetes. Diabetes is essentially an inability of the pancreas to provide enough insulin to maintain the proper blood sugar concentration within the body chemistry. This is a chronic disorder that usually can be satisfactorily controlled through the use of medication.

There are two types of diabetes. Juvenile diabetes usually begins prior to 25 years of age. It is usually a more severe diabetic condition and can be controlled only through insulin injections. Adult diabetes on the other hand is less of a concern. Most individuals after reaching a certain age will develop some form of diabetes. Treatment might include special dietary restrictions or oral doses of insulin. The proper diet is an important consideration for all diabetics.

There are two diabetes-associated symptoms of concern. They are:

1. Hyperglycemia

If an individual's insulin intake is not closely regulated, he may fall victim to elevated blood sugar that can lead to a loss of consciousness.

2. Insulin Shock

The individual may have too high a concentration of insulin in his system. The result will be insulin shock where the individual will fall into a coma.

4. Sensory Impairments

Mild forms of vision and hearing impairments are widely prevalent throughout the United States population. We are fortunate that in these two areas at least, there is the possibility of measurement of the relative states of impairment.

A. Vision

In order to be licensed to drive, individuals must meet certain visual criteria. Reexamination requirements after the individual has reached a certain age are frequent. This is perhaps the most tested and controlled area of driving licensure.

Requirements for vision for licensing usually specify

any of the following conditions:

1. Vision of at least 20/70 in at least one eye.
2. For individuals with uncorrectable vision in one eye or a missing eye, additional mirrors are usually required.
3. Finally, licenses will be restricted to show that glasses or contact lenses are required for the operation of the auto.

B. Hearing

Since it is estimated that 97% of the driving task is visual in nature, the loss of hearing is not an especially debilitating impairment. There are however differences that can be expected in the adjustment of the driver to his handicap.

5. Motor Impairments and Handicaps

Amputees, paralyzed, and crippled applicants present few underwriting problems. For the most part, these individuals will have special compensatory controls built into the auto to insure safe operation of the vehicle. Key considerations include driving experience under the handicap.

6. Emotional Disturbances and Mental Illness

The proper psychological adjustment of the individual is necessary for the safe operation of an automobile. It is important that the individual retains the ability to reach sound decisions and perceptions.

The whole area of mental illness and emotional disturbance is very complex. Most important to consider is that a severely disturbed individual has lost control of his emotional reactions and the possibility of losing "contact with reality" while driving is a definite hazard.

7. Alcoholism and Drug Addiction

One of the major social problems facing the United States population is alcoholism and other forms of drug abuse. It is obvious to anyone engaged in traffic research that the toll in terms of human life and property because of the combination of drugs and driving is devastating.

We would expect few individuals in the real world to describe themselves as an alcoholic or drug addict. There are cases, however, when an individual overcomes these problems that he will report the information. The fact of reporting should be considered a favorable condition if, of course, all other factors point to a risk with stability and responsibility.

EXCEPTIONS

It is important that each person reporting any form of physical impairment be underwritten on an individual basis. This evaluation implies that exceptions to the general rules in this guide may be possible. Underwriting discretion may mandate that to allow an exception, the individual should present a physician's evaluation of his condition. This must be done at the insured's own expense, if not prohibited by some state regulations.

III. Underwriting Insurability

A. Epilepsy

1. Borderline

Petit Mal

- a) No seizures for last 5-10 years.
- b) Under continuous physican's care.
- c) Driving record meets underwriting criteria.

2. Unacceptable

Grand Mal Epilepsy
Psychomotor Epilepsy
Jacksonian Epilepsy

B. Apoplexy/Stroke

1. Borderline

- a) If stroke occurred more than 2 years ago.
- b) Under continuous physican's care.
- c) Driving record meets requirements.

2. Reject

- a) If stroke occurred within last 2 years.
- b) Not under continuous physican's care.

C. Fainting or Blackouts

Reject

D. Vertigo or Dizziness

Reject

E. Heart Disease

Arteriosclerosis, Angina Pectoris, Myocardial Infarction,
Rheumatic Heart Disease, Organic heart problems.

1. Borderline

- a) Mild heart "attack" more than 2 years ago.
- b) Some restrictions of normal activities because of condition.
- c) Under physican's care.

E. Heart Disease (con't)

2. Reject

- a) Serious heart attack within last 2 years.
- b) Activities severely limited.
- c) Individual no longer employed because of condition.
- d) Previous loss possibly attributed impairment.

F. Diabetes

1. Borderline

- a) Under continuous physician's care.
- b) Condition appears controlled without excessive insulin intake (70 units a day).
- c) Over age 30.

2. Reject

- a) No regular physician's care.
- b) Excessive insulin intake (over 70 units a day).
- c) Under age 30.

G. Hearing

1. Borderline

- a) Progressive hearing loss associated with "old age".
- b) No extensive specialized training since deaf and the individual has lost all hearing.
- c) At least one year driving experience since deaf with acceptable driving record.
- d) Automobile equipped to compensate for impairment.

G. Hearing (con't)

2. Reject

- a) Less than one years driving experience since deaf.
- b) Serious past loss associated with loss of hearing.

H. Motor Impairments and Physical Handicaps

(Amputees, Paralysis, Crippled Limbs, Loss of Muscle Control)

1. Borderline

- a) Has had at least one full year driving experience with handicaps.
- b) Automobile is equipped to compensate for impairment.
- c) Has maintained clean driving record.

2. Reject

- a) Past at fault accident or violation associated with impairment.
- b) Has not had at least 1 year driving experience with handicap.
- c) Handicap results from a progressive disease; example: Multiple Sclerosis, Huntington's Disease, etc.

I. Emotional Disturbances and Mental Illness

1. Borderline

- a) Past hospitalization and treatment for mental or emotional problem during the past 5 years and all other factors are favorable.
- b) The individual no longer has the need for physician's or psychiatrist's care for this condition.

I. Emotional Disturbances and Mental Illness (con't)

2. Reject

- a) Recent hospitalization for severe emotional or mental condition and the individual is still under the physician's or psychiatrist's care.
- b) Any indication of past attempts at suicide.

- J. Alcoholic and Drug Addiction

1. Borderline

- a) Former alcoholic or drug addict who reports control of the condition for at least 3 years.
- b) Refer to Automobile Guide to Risk Selection for underwriting treatment of past license suspensions or violations involving drinking or drug use.

2. Reject

- a) Any reported excess use of alcohol or other drugs.
- b) Any indication of drinking to excess and driving.
- c) Any prior loss or violations involving driving while intoxicated or leaving the scene of an accident if within 3 years to date of application.

K. Arthritis and Rheumatism

1. Borderline

- a) Moderate cases where the individual's mobility is reduced but special aids have been sought.

2. Reject

- a) Any person severely incapacitated by the condition to the extent that regular motions of the neck, head, arms and legs in driving are restricted.

L. Mental Retardation or Mental Deficiency

1. Reject

- a) Normal licensing examinations will usually screen out the individual who has low intelligence or is mentally retarded. In the rare instance that such a case should be reported, individual judgments must be reached.



State Farm Insurance Companies

March 21, 1977

One State Farm Plaza
Bloomington, Illinois 61701

James R. Tuttle
Senior Attorney
Phone: 309 662 6106

The Commonwealth of Virginia
State Corporation Commission
Bureau of Insurance
Box 1157
Richmond, Virginia 23209

ATTENTION: The Honorable John G. Day
Commissioner of Insurance

RE: Bulletin 1977-3

Dear Commissioner Day:

I am responding on behalf of State Farm Insurance Companies to your letter of March 7, 1977 on the topic of personal automobile insurance underwriting standards for handicapped and disabled persons. I am enclosing the appropriate pages from State Farm's Agents Service Manual in use on a countrywide basis on the topic of underwriting "Physically or Mentally Impaired Risks."

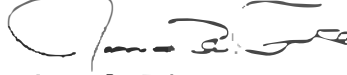
The rationale behind and the justification for setting forth such underwriting criteria is to establish objective standards for evaluating impaired risks who may have in the past been regarded as uninsurable and unacceptable simply because agents or underwriters, as laymen, could not accurately appraise a given situation. To this end, we have set forth a non-binding rule which allows the State Farm underwriter to carefully review an impaired risk and more particularly to allow that underwriter in cases where medical history and medical background are particularly pertinent to consult, with the authorization of the prospective insured, State Farm's Medical Director for an objective evaluation of a medical condition. This medical evaluation has relevance as to the degree of hazard involved in insuring a physically handicapped or disabled person as a driver, and is used by the underwriter in making a determination of insurability.

We regret to say that we have not compiled statistics on loss experience as to physically impaired individuals, but we are confident that our continued underwriting approach and objective evaluation of the individual insured obviates the need for such statistical program.

-2-

Again, feel free to submit additional questions concerning these underwriting criteria should you have additional needs.

Very truly yours,

A handwritten signature in black ink, appearing to read "James R. Tuite". The signature is fluid and cursive, with a large initial "J" and a long horizontal stroke extending to the right.

James R. Tuite

JRT:es
Encl.

cc: D. T. Zimmerman

PHYSICALLY OR MENTALLY IMPAIRED RISKS

Physically or mentally impaired persons are eligible and bindable in the State Farm Mutual Automobile Insurance Company, the State Farm Fire and Casualty Company and the State Farm County Mutual Insurance Company of Texas except as indicated.

Any impaired risk specifically listed below is to be submitted on a non-binding basis.

- persons who are subject to blackouts, fainting, seizures, heart ailments or heart attacks.
- persons who have been hospitalized for treatment of a mental or nervous condition.
- persons suffering from epilepsy or who are spastic.
- physically handicapped or impaired persons who through training have not adjusted to the impairment or whose automobile is not equipped with mechanical aids adequate to offset the impairment.

EXCEPTION: In Oklahoma, the following applies:

No applicant should be declined or placed in Standard rather than Mutual solely because of being afflicted with a hearing impairment, including total deafness, and regardless of whether the condition is improved via the wearing of a hearing aid.

In addition to the impairments listed, you should continue to recognize risks who present extra hazard which should be submitted for careful review before binding coverage. The severity of certain impairments may cause the risk to be uninsurable.

In all cases, give your underwriter as much background material as may be available to you. Your underwriter will make a determination as to whether the case is to be reviewed through the Medical Authorization Program.

MEDICAL AUTHORIZATION PROGRAM

Your office underwriter may ask you to secure additional information and/or ask that you secure a signed medical authorization form so that our Medical Director can review the case. This means that the underwriter will submit the case to Corporate Headquarters in accordance with our Medical Authorization Program. Were it not for this program, many individuals with impairments could not be accepted or continued simply because we, as Jaymen, could not accurately appraise the situation.

For cases requiring handling under the Medical Authorization Program, the office underwriter will send you the forms to be completed. It is important that the forms show the full name and complete address of the doctor or doctors treating the individual for the condition in question. If the information is incorrect or incomplete, final decision on the case will be delayed and you will be asked to secure another form. Doctors like to be addressed properly. Therefore, indicate after the name whether the individual is a medical doctor, a doctor of osteopathy, or whatever the person might be.

M2-02

The medical authorization form must be signed by the person who is the subject of the inquiry – not by a spouse or some other person. If the person subject to the inquiry is a minor who is still under the control of a parent or guardian, the form must also be signed on the person's behalf by a parent or guardian.

Once you have returned the properly completed form to the underwriter, it will be forwarded to the Medical Director in Corporate Headquarters. The Medical Director will correspond directly with the doctor listed on the Medical Authorization form.

The content of their communications with each other is held in confidence. The Medical Director provides underwriting with an opinion as to the degree of extra hazard involved in the case. A determination is then made as to whether the person may be insured.

You may assure your client that any communication between his doctor and our Medical Director will be held in confidence.

Remember that most all individuals having physical, nerve, or mental disabilities present varying degrees of additional driving hazards. This program is an attempt to make our facilities available to individuals with physical disabilities when, in our opinion, the additional exposure can be accommodated within our rate levels. We feel the program is realistic and reasonable. Many individuals will be acceptable, but you should recognize that others will not. Sometimes the opinion of our Medical Director and that of the individual's personal physician may seem to differ. Our Medical Director has experience in the knowledge of the automobile insurance field as well as the field of medicine and this could possibly account for certain differences of opinion. Each case will be carefully and individually considered.

Revised August 1975



BRADFORD W. MITCHELL

March 23, 1977

The Honorable John G. Day
Commissioner of Insurance
Bureau of Insurance
Box 1157
Richmond, Va. 23209

Dear Commissioner Day:

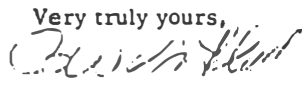
The following is in response to your inquiry of March 7, 1977, relative to this Company's underwriting standard with respect to handicapped or disabled persons.

Instructions to our agency force indicate that handicapped or disabled persons fall within the conditionally acceptable classification. Our instructions state "where any operator of a car has a physical or mental impairment including a heart condition or diabetes if such impairment may have an effect on the safe operation of a motor vehicle" (underlining emphasis added).

This Company's position is, therefore, that the qualifications of such applicants to operate a motor vehicle will be reviewed by our underwriter on the basis of whether the handicap impairs their ability to operate a motor vehicle safely. We have no prohibition list against this type of risk, only that it is conditionally acceptable, which prohibits an agent from binding us on the spot. Should there be a question with respect to the degree of impairment with respect to driving ability, we request a doctor's certificate.

We have no statistical studies which we feel would be of benefit to you. Each risk is treated on an individual basis.

I trust the above is responsive to your inquiry.

Very truly yours,

Bradford W. Mitchell
President

BWM:ds

BU...
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PA...
...
...

Dairyland Insurance



March 28, 1977

The Honorable John G. Day
Commissioner of Insurance
State Corporation Commission
Bureau of Insurance
Richmond, Virginia 23209

Dear Commissioner Day:

This is in response to your letter request of March 7, 1977 concerning your study of the insurance problems of the handicapped and disabled persons.

Dairyland Insurance Company writes private passenger automobile insurance for handicapped or disabled persons dependent upon the individual holding a valid drivers license. We reserve the right to verify the extent of handicap or disability through contacts with agents or through medical statements. No surcharge is made to these individuals based on their disability.

Very truly yours,

Walter M. Bjork
Walter M. Bjork
General Counsel

WMB:lh

Allstate Plaza
Crestwood, Illinois 60062
312 291-5785

John E. Cox
Associate Counsel

March 30, 1977

Commissioner John G. Day
Bureau of Insurance
Commonwealth of Virginia
P.O. Box 1157
Richmond, Virginia 23209

Dear Sir:


I am responding to your letter of March 7, 1977 request-ing our underwriting standards or guidelines relative to insuring handicapped or disabled persons.

Prior to approximately ten years ago, Allstate coded and tracked its experience on handicapped or disabled persons. The experience was not notably different from the experience of the remainder of the policyholders. As a result, this statistical recordkeepin_g was discontinued.

Allstate's present underwriting guidelines are to apply the same standards to handicapped or disabled people as to everyone else. One of these guidelines is to have a valid driver's license. If the driver's license should indicate a need for special equipment on th car, then the existence o' this equipment is verified.

I trust his information is what you desire. f we can be of any further service, please let us know.

Sincerely,


John E. Cox

gm

Exhibit 7

STATE OF CALIFORNIA DEPARTMENT OF MOTOR VEHICLES
RESEARCH AND STATISTICS SECTION



Robert C. Cozens, Director

PHYSICALLY HANDICAPPED DRIVERS

A COMPARATIVE STUDY OF DRIVER RECORDS

Hell R. Dickey

Research Report 42

May 1973

Exhibit 7

SUMMARY

This study was conducted to compare the driving records of physically handicapped drivers to average drivers. The results of such a study could be beneficial in evaluating the need for differential licensing or insurance rates. Handicapped drivers were defined as persons with loss of, or limited control of, one or more of their limbs. The license files do not specifically contain this type of data, it was necessary to select these persons by their license restrictions - the measures necessary to compensate for the disability. The restrictions selected were hand controls, steering knob attachment, and artificial leg(s). The majority of these handicapped drivers had little or no use of their legs. Although they were the more severely handicapped, they do not represent all physically handicapped drivers. Those restricted to automatic transmissions, etc., as well as those whose handicap was not detected when licensed, were not included.

A 10% sample of the drivers license file resulted in 64 handicapped drivers with unexpired licenses, or an estimated population of 3,500. This handicapped sample was compared to a sample of 1,237 normal drivers. When compared on biographical variables, handicapped drivers were more likely to be male, single and older. Their driving record appeared to be equal to, or better than, the normal driver. Both male and female handicapped drivers had a similar involvement in total accidents and a lesser number of convictions than the normal driver, but there was an indication that male handicapped drivers may be involved in more fatal and injury accidents than normal. In those fatal and injury accidents involving two or more motor vehicles, the handicapped driver was less likely to be involved. Further analyses were found when comparing the driving record of the various restriction groups.

From these results, it does not appear that differential licensing standards or insurance rates can be justified on the basis of the findings shown. The insurance question cannot be fully answered by this study since (1) it includes only reportable accidents, and (2) insurance rates are often based upon more than one person per policy, the number of miles driven, etc., which were not considered.

Exhibit 7

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INTRODUCTION

This study was conducted at the request of California State Assemblyman, John P. Quimby, who was interested in the driving record of handicapped persons with loss of, or limited control of, one or more of their limbs. This study was expected to be useful in evaluating California's drivers licensing policy and to provide some guidance toward insurance requirements of handicapped licensed drivers. The policy has been to license physically handicapped persons who meet the same standards on the written and on-the-road examinations as non-handicapped persons. The purpose of the present study is to determine whether or not handicapped drivers have a different accident record than non-handicapped drivers, and consequently, whether there is any basis for differential licensing standards.

The three main studies of the accident involvement of handicapped drivers were reviewed. A study of 494 disabled Swedish drivers by Ysander (1966) showed no differences in road accidents or serious traffic offenses when compared to a non-disabled comparison group. Of the disabled drivers, 89% had loss of function in at least one limb. The comparison group of non-handicapped drivers was matched with respect to sex, age, and license holding period. A mail questionnaire indicated that the comparison group drove less distance annually than the handicapped group. A disproportionately large number of road accidents occurred among drivers with loss of function in the right leg as compared to those with loss of function in the left leg.

Crancer & McMurray (1967) compared the accident and violation frequencies of medically restricted drivers to those of all drivers in the state of Washington. Drivers with medical driving restrictions were defined as drivers with physical impairments such as vision defects that were stabilized conditions, arthritis, paralysis, and loss of limb. They were restricted to driving vehicles

Exhibit 7

-3-

equipped with such devices as hand controls, special mirrors, and automatic transmissions, or were restricted as to the area or time of day that they were permitted to drive. They made up 1.1% (18,532) of all drivers. Male drivers with medical driving restrictions averaged statistically fewer accidents than all male drivers. Females with medical driving restrictions averaged statistically more accidents than all female drivers. Violation frequencies did not differ significantly between the handicapped and total groups for either sex.

McFarland (1968) conducted a study of 625 physically handicapped Massachusetts drivers. They were selected on the basis of registry of a vehicle with a handicapped veteran or handicapped person motor vehicle registration. Their accident and non-accident violation rates were compared with 625 non-disabled drivers who were matched on sex, age, and number of years licensed. Although no statistical tests were included, the author concluded that the data showed a markedly lower ratio of involvement in violations and accidents by disabled drivers as compared to non-disabled drivers.

These three studies differed in numerous respects, including their definitions of physical handicap. Although the driving records tended to indicate that the handicapped driver had equivalent or better driving records than the normal driver, certain exceptions were indicated. In addition, differences in licensing standards between the states could have accounted for part of the variation in the results. Consequently, the results of prior studies could not be applied directly to the present California sample, so that the present study was considered necessary to obtain conclusive results.

In addition to the above three studies, Finesilver (1970) presented an overall summary of the problems of the handicapped driver.

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METHOD

This section describes the sample selection, the criterion measures, and the statistical techniques used.

The handicapped subjects selected for this analysis were identified by driving restriction codes assigned to the subjects upon licensing. The classification, therefore, reflects measures necessary to compensate for the handicap, rather than describing the physical disability itself. Drivers having the following license restrictions were selected:

1. Hand controls: Licensee limited to driving a vehicle equipped with hand controls. Subjects in this category essentially had little or no use of their legs. They quite often were paraplegic. Licensees limited to operating a motor vehicle equipped with a steering knob attachment were included in this category when also limited to other types of hand controls.
2. Steering knob attachment: Licensee limited to operating a motor vehicle equipped with a knob attachment on steering wheel. These drivers typically had one and partially or fully amputated or disabled.
3. Artificial leg(s): Licensee must wear artificial leg(s) when operating a motor vehicle.

Licensees restricted to driving with automatic transmissions, corrective lenses, special mirrors, etc., were not included in this study unless they also had one of the above restrictions. Hence, this study pertains to the more severely handicapped, not to all handicapped drivers.

Exhibit 7

The group of handicapped drivers and a comparison group of normal drivers were selected from the California Department of Motor Vehicles' files. Only those persons who had obtained a drivers license prior to July 1971, and who had a computer file as of November 1972, the date the driver record data was extracted, were considered for selection. Due to the large volume of records, the sample was selected from those three million drivers license numbers with terminal digits 13 to 32 (20% of the file). The handicapped group was identified by scanning all three million computer records for any of the above drivers license restrictions.

Two methods were used in selecting a comparison group of normal subjects. The first method was to select the next driver record following each handicapped driver record. This sample, when compared to previous random samples, appeared to be unrepresentative and was therefore discarded. The second sample was then selected by constructing a list of drivers license numbers. These numbers were stratified on the alphabetic prefix digit (in proportion to their representation in the file), and equally distributed on terminal digits 13-32. The internal five digits were selected from a table of random numbers. The characteristics of the second sample appeared consistent with previous data, so the second normal mode was used for the analysis.

All data was manually coded from printouts of the computerized driver record file. The biographical data collected was sex, age, marital status, when drivers license issued, months licensed and type of restriction. Motor record data (total reported accidents, fatal and injury accidents, and convictions) was coded for the three years prior to November 1972. Non-parking traffic convictions are counted as convictions. If fatal and injury motor vehicle accidents were reported, the amount of property damage was coded. Only accidents resulting in an \$200 damage to the person or require to be reported by the drivers

Exhibit 7

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involved. The fatal and injury accident reports, and the department's legal files (suspensions and revocations), of the handicapped groups were reviewed.

The .05 level of statistical significance was used. Chi-square statistics with one degree of freedom were corrected for continuity.

RESULTS

The 20% sample of the driver record file yielded a total of 949 handicapped drivers, of whom 694, or 71%, had unexpired licenses. The random sample of normal, or non-handicapped drivers, totalled 1,509, of whom 1,237, or 82%, were unexpired. The percentage difference between the two groups in unexpired licenses was statistically significant. The random sample of normal drivers was deliberately made larger than the sample of handicapped drivers, solely for the purpose of increased accuracy. The handicapped sample total indicates that there are approximately 3,500 California drivers with the types of handicap included in this study, out of a total driver population of over 17 million, indicating that severely handicapped drivers are quite rare.

The results presented below were limited to those with unexpired licenses, as it was considered more valid to consider only those currently driving, and because of the difference between the groups in percentage expired.

The distribution of types of restrictions is shown in table 1. Hand controls were the most frequent type of restriction. The differences between the sexes on type of restriction did not quite reach statistical significance, although there was a tendency for fewer females to have artificial legs.

Exhibit 7

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TABLE 1
Distribution of Handicapped Drivers by
Type of Restriction and Sex

Type of restriction	Male		Female		Both sexes	
	Number	Percent	Number	Percent	Number	Percent
Hand controls.....	424	79.5	129	80.1	553	79.7
Steering knob attachment..	76	14.3	29	18.0	105	15.1
Artificial leg(s).....	33	6.2	3	1.9	36	5.2
All restrictions.....	533	100.0	161	100.0	694	100.0

$\chi^2 = 5.62, 2 \text{ df}, p = .05.$

The handicapped subjects were found to differ from the normal group on most of the biographical variables as shown in Table 2. The handicapped group was more often male, was older, and was less

TABLE 2
Biographical Variables for Drivers by Sex and Group

Biographical variables	Male		Both sexes	
	Handi- capped	Handi- capped	Handi- capped	Normal
Percent male.....			76.60*	54.61
Mean age.....	53.97*	50.61	62.76*	39.97
Percent married...			75.16	61.82*
Mean year drivers license issued...	53.43*	52.11	59.57	58.26*
Mean months license during 37 months...	36.01	35.78	36.13	35.86

* $p < .01.$

often married. Handicapped males had held their California drivers licenses for a longer period of time than normal males. Both groups had been licensed for the same amount of time during the driver record period.

Comparison of the two groups on the driver record variables is shown in Table 3. Neither males nor females showed statistical

TABLE 3
Mean Three Year Driver Record by Sex and Group

Driver record variables	Male		Female		Both sexes	
	Handi-capped	Normal	Handi-capped	Normal	Handi-capped	Normal
Total accidents.....	0.208	0.214	0.112	0.136	0.186	0.179
Fatal and injury accidents.....	0.092	0.061	0.043	0.055	0.081	0.058
Convictions.....	0.570*	1.067	0.180*	0.363	0.480*	0.746

* $p < .001$.

significant differences between groups on total accidents or fatal and injury accidents. Both male and female handicapped drivers had statistically fewer convictions than the normal drivers.

A statistical adjustment (analysis of covariance) was performed to determine if equating the two groups on the biographical variables shown in Table 2 might influence the results. With one exception, the results were basically the same as shown in Table 3. The exception was that handicapped males had a statistically significant ($p < .05$) higher involvement in fatal and injury accidents than the normal group. The adjusted means were 0.093 for the handicapped males and 0.069 for the normal males. The analysis of covariance table is shown in Appendix A.

The driving records of the various restriction groups were compared to see if any particular type of handicap had a different effect on driving record than another type of handicap. No significant differences were found, although there was a suggestion that those few with artificial legs had worse records. No significant difference in driving record was found between the driving records of those with an artificial left leg and those with an artificial right leg, although the direction of the differences was consistent with Ysander's (1966) findings.

Exhibit 7

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A total of 61 fatal and injury accident reports involving handicapped drivers were reviewed. None of the reports indicated that the handicap or the corrective equipment was a contributing factor to the accident, although this could have been the case without being noted in the report. In those 38 accidents involving two or more motor vehicles in traffic, the handicapped driver was less likely to be judged at fault (29%) than the normal driver (52%). This difference is statistically significant ($\chi^2 = 3.85$, 1 df, $p < .05$).

The accident reports for male handicapped drivers were further reviewed to determine the injury involvement. For those accidents involving two or more moving motor vehicles, a greater percentage of handicapped drivers (56%) were injured than were normal drivers (33%). This difference however, is not quite statistically significant ($\chi^2 = 3.13$, 1 df, $p > .05$).

There was no significant difference between the handicapped and normal drivers in the percentage who had their licenses suspended or revoked. In reviewing the legal files of handicapped drivers, one instance was found in which a property damage accident occurred because the hand controls fell apart.

DISCUSSION

The present results are limited to a fairly small number of severely handicapped drivers, most of whom required hand controls to operate their vehicles. A greater proportion of the handicapped were male, probably reflecting men's greater occupational and military exposure to disabling injuries.

There was no difference in total accident frequency between the handicapped and normal drivers considered separately. However, there is a marginally significant difference between the male groups on

fatal and injury accidents, with the difference favoring the normal drivers. The unadjusted difference was not quite statistically significant, but when an adjustment was made to quote the two groups on their biographical characteristics, the difference became barely significant. The point is further complicated by the finding that handicapped drivers were less often at fault in multiple vehicle fatal and injury accidents, so that a greater involvement in fatal and injury accidents may not necessarily reflect on the driving ability of the handicapped. There was also a suggestion that handicapped drivers are more susceptible to injury in an accident than normal drivers. This, too, would inflate the frequency of fatal and injury accidents. On the other hand, it is possible that the number of serious accidents involving the physically handicapped is actually greater than normal and that the superior record of the handicapped on total accidents reflects an underreporting of non-injury accidents. Fatal and injury accidents are not subject to the same degree of voluntary reporting bias as total accidents, which contain self-reported property damage only accidents. It is not known whether physically handicapped drivers are less likely than other drivers to report property damage accidents.

There is no question that the handicapped drivers got far fewer traffic convictions than the normal drivers.

The author would interpret the overall results as indicating that handicapped drivers are no worse than normal drivers, and that there is no compelling reason for any differential policy for handicapped drivers, other than the physical device restrictions stated on their drivers license.

There remains, however, the question of whether or not there was any difference between the groups in mileage driven, data which was not collected in this study. While it is believed that a knowledge of mileage is necessary to evaluate how good an individual driver is, it is not believed that it is necessary for an evaluation of the overall driving record of a group of drivers.

Exhibit 7

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policy is to license drivers with handicaps if they can pass the regular licensing examination. Consequently, the relevant question from a licensing perspective is whether or not the group so licensed is any greater threat on the highway than a group of average drivers. If they are not, as the present results indicate, then their mileage is irrelevant. On the other hand, if a group's worse record appeared to be solely attributable to greater mileage, it might be equitable to take the greater mileage into account.

REFERENCES

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- Finesilver, J. C. A study on driving records, licensing requirements and insurability of physically impaired drivers. Denver: University of Denver College of Law, 1970.
- McFarland, R. A. An evaluation of the ability of amputees to operate highway transportation equipment. Boston, Massachusetts: Harvard School of Public Health, 1968.
- Tsander, L. The safety of physically disabled drivers. British Journal of Industrial Medicine, 1966, 23, 173-180.

APPENDIX A

Analysis of Covariance Table for Fatal and Injury Accidents for Males

Source of variation	df	SS	MS	F	p
Equal cell means.....	1	8.337	8.338	3.918	< .05
Zero slope.....	1	8.337	8.338	3.918	< .05
Error.....	12-0	26.137	0.022		
Equal slopes.....	1	0.069	0.192	2.376	> .05
Error.....	11-0	26.069	0.023		

Daniel J. Evans, Governor



Douglas Toms, Director

Accident and Violation Rates of Washington
Drivers with Medical Licensing
and Driving Restrictions

Alfred Crancer, Jr.
Chief Research Scientist

and

Lucille Mc Murray
Research Analyst

DIVISION OF RESEARCH

ADMINISTRATIVE SERVICES
Wesley L. Barclift, Ass't. Director

Report 007

December 1967

ABSTRACT

As part of the effort to determine the causes of today's enormous traffic accident rate, this study presents a summary of the driving performance of persons whose driving privilege is already restricted because of certain physical or mental conditions which might affect their ability to drive a motor vehicle.

The 39,242 Washington motorists whose licenses bear medical driving and license restrictions were grouped into eight categories based upon the nature of their condition. These categories are vision deterioration, heart disease, diabetes, epilepsy, tainting, other conditions, and medical driving restrictions. Violation and accident rates by age and sex for each of these eight restriction categories were determined and then compared with the corresponding rates for all Washington motorists.

Persons with heart disease and vision deterioration proved to have accident and violation rates about equal to the total of all Washington drivers.

Statistically higher accident rates were found for persons whose licenses were restricted because of diabetes, epilepsy, tainting and other conditions. The violation rates for these four groups were not statistically different from those of all Washington drivers.

The accident and violation rates for the medical driving restrictions category presented a curious case. Accident rates for males are significantly lower than corresponding rates for the universe of male drivers, while those for females are significantly higher than those of the total female population. Females in the 36 to 50 age group have an accident rate over three times that of males in the same age group with a similar restriction. Violation rates are not statistically different for either group.

ACCIDENT AND VIOLATION RATES OF WASHINGTON
DRIVERS WITH MEDICAL RESTRICTIONS
AND PRESENTING COMPLAINTS

I. OBJECTIVES

The purpose of this report is to present a summary of the driving experience of the 39,742 Washington motorists whose driving privileges are restricted because of certain physical, medical, or mental conditions. In addition, the records of these persons will be compared with the driving records of all Washington motorists.

The unique aspect of this study is that it is a comparison of accident and violation rates for all drivers with medical restrictions with the population of licensed Washington drivers.

II. BACKGROUND

Washington State laws provide that restrictions may be imposed upon the driving privilege of persons who have physical or mental disabilities which might affect their ability to drive a motor vehicle.

On October 1, 1967, there were 39,742 drivers who held medically restricted Washington State driver licenses. From the record of each of those drivers the number of violations and accidents as reported during the period from January 1, 1961, to October 1, 1967, was determined. Next, the number of accidents and violations was summarized to obtain totals for all drivers of each sex in each of eight restriction groupings. Finally, accident and violation rates per 100 drivers were computed and were compared with the violation and accident rates for all of the 1.6 million Washington motorists.

III. TYPES OF RESTRICTIONS

Restrictions, determined by the nature of the affliction, are grouped into two basic categories: medical driving restrictions, affecting 18,532 persons; and medical licensing restrictions, affecting 25,410 persons. A motorist may be limited by restrictions from one or both of these categories. For the purpose of this study, however, those persons having both medical driving restrictions and medical licensing restrictions were included only under the type of medical licensing restriction they held.

Medical driving restrictions contain regulations for drivers with physical impairments such as vision defects that are uncorrected conditions, arthritis, paralysis and loss of limb. There are 18,532 such motorists in the State of Washington. The most common restrictions within this group are specifications as to types of vehicle equipment such as hand controls, special mirrors, and automatic transmissions. Driver seat and foot rest are also limitations classed as medical driving restrictions.

Exhibit 8

The 20,710 persons placed under medical licensing restrictions generally have certain specific organic conditions which tend to deteriorate, cause a person to lose consciousness or control, or for which medication is required. The only requirement of the medical licensing category is that a person be examined by a physician initially and re-examined every six months, one year, or two years, thereafter. From the doctor's report the Department of Motor Vehicles decides if the restriction is to be continued, or changed. A deterioration, or uncontrolled condition usually results in a suspension of the driver license. The following table contains a list of conditions which necessitate medical licensing restrictions and an approximation of the percentage of drivers with those conditions included under each of the three re-examination schedules.

Schedules of Medical Licensing Restrictions

	<u>6 Months</u>	<u>1 Year</u>	<u>2 Years</u>	<u>Number</u>
Diabetes	10%	50%	40%	7,646
Epilepsy	20%	50%	30%	1,169
Heart Disease	10%	50%	40%	7,416
Vision Deterioration	70%	60%	20%	307
Fainting	10%	50%	40%	87
Other	10%	50%	40%	4,085
TOTAL	10%	50%	40%	20,710

The following paragraphs define the degree and kind of illness that is found in each category of medical licensing restrictions.

Diabetes with 7,646 cases and heart disease with 7,416 cases account for most of the medical licensing restrictions.

Persons with uncontrolled diabetes are refused a license, while those who have not been free of an insulin reaction for 6 months are required to pass a special physical examination. All other diabetics are limited only by the re-examination cycle recommended by their physician.

Licenses are refused to persons with heart disease when the physical condition has not been controlled for at least 3 months. A special medical examination is required for those persons whose heart rate is either extremely high or extremely low. All other persons with heart disease must submit to a regular physical examination as prescribed by their physician.

Exhibit 8

Epilepsy accounts for 1,160 of the medically restricted licenses in the State of Washington. Persons whose condition has not been controlled for 6 months are refused a license, while those with an unstable physical or mental state are required to take a special physical examination. All other epileptics must follow the regular re-examination schedule as prescribed by their physician.

Vision deterioration places 307 drivers under medical licensing restrictions. Those persons whose corrected vision is below the level normally required to pass the vision test, or who have a condition which tends to deteriorate are placed in this group. They are issued licenses only upon the recommendation of an optometrist and must follow his recommended re-examination schedule.

Fainting, or dizzy spells is a category which is rapidly being phased out, and the 87 cases within this group will be placed in other categories under a specific illness. Drivers in this group are required to submit to regular physical examinations on a cycle determined by the physician and his recommendations are followed by the Department.

Other illnesses is a category which includes psychological and neurological conditions, stroke, hypertension, alcoholism, drug addiction, etc. There are 4,085 motorists in this category. All are required to have periodic physical examinations as recommended by a physician.

IV. RESTRICTION COVERAGE

Certainly not all drivers with impairments or diseases covered by the medical restriction program are included in the program. This is due to the difficulty of identifying such persons. Medically impaired drivers are brought to the attention of the Department of Motor Vehicles by several means. The information may, at the time of original license application or renewal, be offered voluntarily, or it may be discovered accidentally as information solicited by driver license examiners. In addition, approximately 300 persons per year are reported to the Department by the courts, enforcement officers and concerned citizens.

Persons discovered to have conditions requiring medical restrictions are given a Certificate of Physical Examination which must be completed by their physician and returned by him to the Department of Motor Vehicles. The Department then makes its evaluation of the applicant on the basis of the doctor's report. A copy of the Certificate of Physical Examination is included as Appendix A.

V. ANALYSIS OF DATA

Of major importance is the comparison of accident rates of restricted groups with the population of licensed Washington drivers. Of secondary interest is the comparison of violation rates for these same drivers. We will make these comparisons by taking into account age and sex groupings. For example, diabetic women of ages 36 to 50 will be compared with women of ages 36 to 50 in the population of licensed Washington drivers. The age and sex comparisons minimize the effect of the overrepresentation of males and older persons in the restricted groups.

Exhibit 8

The statistical approach used here is twofold. A nonparametric sign test was used to compare age groups of males and females with the corresponding groups in the population. For example, if the accident rates of 7 or more of the 8 age groups of either sex were higher (or lower) than those of the corresponding population groups, the sex was considered as possibly different. Next, a parametric test making use of the central limit theorem was used to compare the same group accident rates to those of the population. If both approaches agreed in rejecting the null hypothesis at the 5% level, we reported a statistical difference. Otherwise, we simply reported the difference as being either higher or lower.

Heart Disease and Vision Deterioration Licensing Restrictions

Drivers with licensing restrictions for vision deterioration and heart disease have accident and violation rates that are about equal to those of the population of Washington drivers. The accident and violation rates of these two groups are actually lower than the corresponding population rates, but the difference is slight and of no practical or statistical significance. The data for these comparisons are found in Table 1 (All Drivers), Table 2 (Heart Disease), and Table 3 (Vision Deterioration).

The following observations also were obtained from the tables:

- 1) All age groups for females of both restricted groups have violation rates lower than the population.
- 2) Age groups at age 18 and older for males with a heart disease licensing restriction have lower accident rates than the population.

Diabetes, Epilepsy, Fainting, and Other Licensing Restrictions

Drivers with diabetes, epilepsy, fainting, and other licensing restrictions have statistically higher accident rates than the population of Washington drivers.

A comparison of data in Tables 1 (All Drivers), Table 4 (Diabetes), Table 5 (Epilepsy), Table 6 (Fainting), and Table 7 (Other) shows that the accident rates for males are statistically higher than the corresponding population rates. In addition, accident rates for females are slightly higher, although not statistically higher.

Violation rates for male and female drivers with a fainting licensing restriction are higher than those of the population of drivers. Violation rates for male and female drivers with diabetic and other licensing restrictions are slightly lower. Male drivers with an epilepsy licensing restriction have slightly higher accident rates while females of the same group have slightly lower violation rates. However, none of the above violation rates for these four restricted groups were statistically different from the rates of the population.

Medical Driving Restrictions

Drivers with medical driving restrictions (Table 8) present a puzzling picture with respect to comparisons of their accident rates with those of the population (Table 1). Accident rates for male drivers are statistically lower than the corresponding population rates, while female accident rates are statistically higher. Although not statistically different, violation rates for males also are lower than population rates; and violation rates for females are higher, but not higher for all age groups.

Much of the magnitude of female accident rates is due to females of ages 36 to 50. Their rate of 56.51 accidents per 100 is over three times the rate for males of the same age group with a similar restriction.

VI. FACTORS AFFECTING FURTHER INFERENCES

An explanation of the observed differences in comparisons of restricted groups and the population is impossible to obtain from this data. Listed below are some of the reasons why group accident and violation rates may be different from those of the population:

- 1) Drivers with some illnesses are able to compensate for their handicap and drive in a normal manner. Persons with vision deterioration may be in this group.
- 2) Drivers with some illnesses are unable to drive as well as the average driver because of their illness. This may be the case for persons who experience sudden epileptic seizures.
- 3) Driving exposure is either greater or less than that of the average Washington driver.

In addition, a restricted group may not be representative of the universe of drivers with the corresponding illness. It is apparent that the majority of persons with any one serious illness do not have a medical licensing or driving restriction.

This lack of knowledge does not interfere with our objective of relating the driving experience of restricted drivers to that of the population in order to spot those groups that are apparently having a driving problem. We have indicated that accident and violation rates of certain groups have differed statistically from those of the population. We have refrained from making judgements concerning the practical significance of a reported difference. Those judgements will be left to administrators and interested persons who read this report.

Table 1
 Accident and Violation Rates
 For ALL Licensed Washington Drivers

Age Group	Total Drivers	FEMALE		Total Drivers	MALE		MALE AND FEMALE		
		Average Violations Per 100	Average Accidents Per 100		Average Violations Per 100	Average Accidents Per 100	Total Drivers	Average Violations Per 100	Average Accidents Per 100
13-17	21277	5.46	6.49	35381	30.19	11.74	56658	21.31	9.76
18-20	57667	27.55	16.74	76813	142.35	41.52	134480	92.97	30.92
21-25	81469	46.27	18.43	104173	241.66	54.77	185642	155.91	38.82
26-30	68943	37.82	14.73	85971	173.12	43.02	154914	112.90	30.42
31-35	66224	34.69	14.71	78611	130.09	37.89	144835	86.47	27.29
36-50	220754	35.48	16.44	261136	99.16	34.02	481890	69.92	26.00
51-65	141418	31.77	16.19	201711	75.42	32.02	343129	57.43	25.53
66 & Over	40753	30.41	16.66	88825	54.12	28.07	129638	46.66	24.44
TOTALS	692505	34.31	16.02	932681	115.99	36.23	1631186	81.01	27.61

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Exhibit 8

Table 1
 Accident and Violation Rates
 For All Licensed Washington Drivers

Age Group	Total Drivers	FEMALE		MALE		MALE AND FEMALE		Total Drivers	Average Violations per 100	Average Accidents per 100
		Average Violations Per 100	Average Accidents Per 100	Average Violations Per 100	Average Accidents Per 100					
13-17	21277	5.46	6.49	35381	30.19	11.74	56658	21.31	9.76	
18-20	57557	27.55	16.74	76813	112.35	41.58	134480	92.97	30.92	
21-25	81469	41.27	18.43	104173	241.66	54.77	185642	155.91	38.82	
26-30	68713	37.8	14.73	85971	173.12	43.02	154914	112.90	30.42	
31-35	66224	34.69	14.71	78611	130.09	37.89	144835	86.47	27.29	
36-50	220754	35.48	15.44	261136	99.16	34.08	481890	69.98	26.00	
51-65	141418	31.77	15.19	201711	75.42	32.08	343129	57.43	25.53	
66 & Over	49753	30.41	15.66	88885	54.12	28.00	129638	46.6	24.44	
TOTALS	652505	34.31	16.02	932681	115.99	37.29	1631186	81.01	27.61	

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Table 2
 Accident and Violation Rates
 For Drivers With A
 Heart Disease License Restriction

Age Group	Total Drivers	FEMALE		Total Drivers	MALE		MALE AND FEMALE		
		Average Violations Per 100	Average Accidents Per 100		Average Violations Per 100	Average Accidents Per 100	Total Drivers	Average Violations Per 100	Average Accidents Per 100
13-17	7		14.29	21	57.14		28	42.86	3.57
18-20	15	26.67	26.67	27	222.22	37.04	42	152.38	33.33
21-25	9	11.11		29	196.55	51.72	38	152.63	39.47
26-30	14	35.71	14.29	15	166.67	80.00	29	103.45	48.28
31-35	29	31.03	6.89	24	116.66	50.00	53	69.81	26.41
36-50	460	12.60	8.04	788	83.24	32.86	1248	57.21	23.71
51-65	765	23.36	15.03	2477	63.50	31.61	3242	55.21	27.69
6 & Over	592	21.11	14.86	2144	42.07	27.00	2736	37.53	24.37
TOTALS	1891	22.15	13.16	5525	59.96	30.22	7416	50.32	25.87

Table 3
 Accident and Violation Rates
 For Drivers With A
 Vision Deterioration License Restriction

Age Group	Total Drivers	FEMALE		Total Drivers	MALE		MALE AND FEMALE			
		Average Violations Per 100	Average Accidents Per 100		Average Violations Per 100	Average Accidents Per 100	Total Drivers	Average Violations Per 100	Average Accidents Per 100	
13-17				2	100.00			2	100.00	
18-20	4	25.00	25.00	5	200.00	60.00	9	122.22	44.44	
21-25				8	225.00	87.50	8	225.00	87.50	
26-30	3			12	183.33	50.00	15	146.66	40.00	
31-35				5	280.00	20.00	5	280.00	20.00	
36-50	6	16.67	16.66	12	108.33	25.00	18	77.77	22.22	
51-65	15	6.66	13.33	26	57.69	26.92	41	39.02	21.9	
66 & Over	42	28.57	14.28	167	37.72	24.55	209	35.88	21.48	
TOTALS	70	21.42	14.28	237	66.24	28.69	307	56.02	25.40	

Table 4
 Accident and Violation Rates
 For Drivers With A
 Diabetes License Restriction

Age Group	Total Drivers	FEMALE		Total Drivers	MALE		MALE AND FEMALE		
		Average Violations Per 100	Average Accidents Per 100		Average Violations Per 100	Average Accidents Per 100	Total Drivers	Average Violations Per 100	Average Accidents Per 100
13-17	25	4.00	4.00	42	42.85	19.47	67	28.39	13.43
18-20	95	22.11	24.21	153	167.97	58.17	248	112.10	45.16
21-25	167	37.72	14.37	271	267.53	73.80	438	179.91	51.14
26-30	135	37.04	17.78	194	179.90	56.19	329	121.28	40.43
31-35	156	36.53	13.46	191	114.13	42.40	347	79.25	29.33
36-50	900	40.77	18.22	1082	96.85	43.34	1982	71.39	31.53
51-65	1014	30.17	16.76	1562	88.15	38.02	2576	65.33	29.55
66 & Over	507	23.86	15.18	1152	54.60	30.46	1659	45.20	25.75
TOTALS	2999	32.87	16.80	4647	99.44	40.90	7646	73.33	31.45

Table 5
 Accident and Violation Rates
 For Drivers With An
 Epilepsy License Restriction

Age Group	Total Drivers	FEMALE		Total Drivers	MALE		MALE AND FEMALE		
		Average Violations Per 100	Average Accidents Per 100		Average Violations Per 100	Average Accidents Per 100	Total Drivers	Average Violations Per 100	Average Accidents Per 100
13-17	24	8.33		48	16.67	12.50	72	13.89	8.33
18-20	60	28.33	20.00	122	126.23	53.28	182	93.96	42.31
21-25	98	36.73	18.37	171	270.76	78.95	269	185.50	56.88
26-30	51	37.25	17.65	89	191.01	66.23	140	135.00	48.57
31-35	51	37.25	19.60	76	140.78	40.78	127	99.21	32.28
36-50	99	32.32	20.20	149	124.83	44.23	248	87.90	34.67
51-65	38	36.84	34.21	63	77.77	49.20	101	62.37	43.56
66 & Over	10	20.00	10.00	20	45.00	40.00	30	36.66	30.00
TOTALS	431	32.71	19.25	738	155.28	54.33	1169	110.99	41.40

Exhibit 8

Table 6
 Accident and Violation Rates
 For Drivers With A
 Fainting License Restriction

Age Group	Total Drivers	FEMALE		Total Drivers	MALE		MALE AND FEMALE		
		Average Violations Per 100	Average Accidents Per 100		Average Violations Per 100	Average Accidents Per 100	Total Drivers	Average Violations Per 100	Average Accidents Per 100
13-17				3	33.33	33.33	3	33.33	33.33
18-20	1	300.00	100.00	2	150.00	50.00	3	200.00	66.66
21-25	3		33.33	7	128.57	42.86	10	90.00	40.00
26-30	1			8	262.50	75.00	9	233.33	66.66
31-35	1			2	400.00	250.00	3	266.66	166.66
36-50	7	57.14	28.57	3	266.66	66.66	10	120.00	40.00
51-65	10	50.00	40.00	17	129.41	76.47	27	100.00	62.96
66 & Over	4	25.00		18	5.55	22.22	22	9.09	18.18
TOTALS	27	48.14	29.62	60	121.66	58.33	87	98.85	49.42

Exhibit 8

Table 7
 Accident and Violation Rates
 For Drivers With Other
 License Restrictions

Age Group	Total Drivers	FEMALE		Total Drivers	MALE		MALE AND FEMALE		
		Average Violations Per 100	Average Accidents Per 100		Average Violations Per 100	Average Accidents Per 100	Total Drivers	Average Violations Per 100	Average Accidents Per 100
13-17	16	31.25	31.25	26	69.23	46.15	42	54.76	40.48
18-20	60	21.67	6.67	111	105.41	34.23	171	76.02	24.56
21-25	112	22.32	24.11	189	276.72	88.89	301	182.06	64.78
26-30	74	24.32	8.11	134	233.58	61.19	208	159.13	42.31
31-35	17	35.29	29.41	28	139.28	64.28	45	100.00	51.11
36-50	97	42.26	17.52	105	140.00	44.76	202	93.06	31.68
51-65	414	36.23	16.66	683	96.04	35.72	1097	73.47	28.53
66 & Over	602	29.06	15.61	1417	71.70	32.53	2019	58.98	27.48
TOTALS	1392	31.10	16.30	2693	105.05	39.73	4085	79.85	31.75

Exhibit 8

Table 8
 Accident and Violation Rates
 for Drivers With A
 Medical Driving Restriction

Age Group	Total Drivers	FEMALE		Total Drivers	MALE		MALE AND FEMALE		
		Average Violations Per 100	Average Accidents Per 100		Average Violations Per 100	Average Accidents Per 100	Total Drivers	Average Violations Per 100	Average Accidents Per 100
13-17	73	2.74	6.85	407	20.64	7.62	480	17.92	7.50
18-20	189	28.57	16.40	2286	143.09	45.36	2475	134.34	43.15
21-25	247	35.22	20.65	3109	182.60	50.50	3356	171.75	48.30
26-30	204	38.24	18.63	1245	118.55	30.60	1449	107.25	28.92
31-35	177	29.94	18.64	971	76.31	24.20	1148	69.16	23.34
36-50	1129	77.85	56.51	3796	48.78	17.99	4925	55.45	26.82
51-65	507	23.27	17.35	1901	63.17	29.77	2408	54.77	27.15
66 & Over	317	27.76	20.50	1974	41.94	26.79	2291	39.98	25.92
TOTALS	2843	47.80	33.38	15689	96.43	32.07	18532	88.97	32.27

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EXHIBIT 8

SUPPLEMENT TO REPORT 007

The following table presents population accident and violation rates that are comparable to the rates for each restricted group. (The population rates were adjusted to remove lack of comparability due to age distributions.)

Restricted Group	Accidents per 100		Violations per 100	
	Observed	Population	Observed	Population
License Restrictions				
Diabetes	31.45	26.50	73.33	68.53
Epilepsy	41.40	31.06	110.09	95.55
Fainting	49.42	27.03	98.85	74.15
Heart	25.87	25.28	50.32	56.56
Other	31.75	26.32	79.85	46.21
Vision	25.40	25.48	56.02	57.36
Driving Restrictions	32.27	28.72	88.97	87.17

ANNEX A

ABBREVIATIONS & TERMINOLOGY

A25	Accident rating debit is 25.
APS	Attending Physician's Statement.
CV	Cardiovascular.
CVR	Cardiovascular-renal.
Disc	At the discretion of the underwriter.
ET	Exercise test of the heart.
H0	Chemical and microscopical analysis of urine at Company's Home Office.
H25	Health rating debit is 25.
IC	Individual consideration.
Exam	An examination which has been preceded by notification to the examiner of specific aspects of the applicant's medical history with instructions regarding particular areas of interest and/or special tests required. Such notification should ordinarily be initiated by a Medical Director.
PP	Postpone for unexpired balance of indicated time period.
PN	"Pro re nata"; rate as circumstances require.
R-2	Rating stated applies within 2 years after recovery from the impairment.
R36	Elimination rider number 36.
RFC	Rate for cause.
U	Usually (as in U Dec or U Std).
X	Require medical examination.
X5	Require medical examination within 5 years after named impairment last existed or occurred.
\$5	Assess permanent extra premium of \$5 per \$1,000 of insurance per year.
\$5 or 2	Assess temporary extra premium of \$5 per \$1,000 of insurance for each of the first two policy years.
14 wp	Minimum waiting period of 14 days.
\$100 ded.-	Minimum deductible amount is \$100.

ANNEX B

AMPUTATION

Amputations necessitated by disease are usually more significant than those due to trauma. For underwriting purposes, consideration must be given to the cause of the amputation, the individual's adjustment to his handicap, and the effect on his earning power.

Due to trauma	
Fingers or toes	Std
One arm	Std(1)
Both arms	\$2.50(2)*
One leg, below hip	Std(1)
Both legs, below hip	\$2.50(2)*
One leg, at hip	2.50(3)*
Both legs, at hip	5.00(2)
●others—X10	RFC in addition to rating for amputation

* Possibly std if good work record, nothing to indicate poor psychological job adjustment to amputation, more than 5 yrs since amputation, self-supporting, no doubt about traumatic origin

- (1) WP 2x-No, ADB 1½x, no dismemberment
- (2) WP No, ADB No
- (3) WP No, ADB 2x, no dismemberment

CRIPPLING
lameness, limp

Curvature and deformity of spine are listed under SPINAL DEFORMITY.

X if appears ratable

If locomotion seriously impaired	add 50-100 to RFC(1)
Others	RFC(1)

- (1) WP PRN, ADB PRN

DEAF-MUTISM

Frequently associated with other congenital abnormalities

All cases: X

Over age 15, well adjusted, no other impairments	Std(1)
Others	\$2.50(1)

- (1) WP No, ADB No

DEAFNESS

May be caused by chronic otitis media, mastoiditis, Meniere's disease, otosclerosis, or auditory nerve degeneration. In some cases the cause is not clear. Accident is the primary hazard.

Partial, or corrected with hearing aid	Std
Marked or total	Std(1)

- (1) WP 2x, ADB 2x

BLINDNESS
impairment of vision

Exhibit 9-

Consideration must be given to the cause of the blindness and the resulting accident hazard. When blindness in one eye occurs as a result of disease, there is a possibility that the other eye will become involved.

The following ratings are in addition to any ratings for cause.

One eye blind, other eye clearly normal	
Due to accident	Std(1)
Due to disease	Std(2)
One eye blind, other eye not clearly normal	rate as total blindness
Total blindness—X	
Ages 0-15	Dec
Ages over 15	
Blind 5 years or more, well adjusted	Std(1)
Others	\$2.50(-)
Marked impairment of vision (after correction)	
One eye 20/200 or worse	rate as blindness one eye
Both eyes 20/80 to 20/200	Std(2)
Both eyes 20/200 or worse	rate as total blindness

- (1) WP 2x, ADB Std, no dismemberment
(2) WP No, ADB No

PROGRESSIVE MUSCULAR DYSTROPHY (MUSCULAR DYSTROPHY)

An hereditary disease characterized by progressive weakness of striated muscles. There are several forms differentiated by the portion of the body where involvement is most marked. In some cases the affected muscles may appear normal or larger than normal (pseudohypertrophy) even though there is marked weakness. In others, muscle wasting or atrophy is apparent. The heart muscle may be involved. The usual course is steady and slow progression to complete debility. In general, the progression is fast-er when the disease becomes manifest early in life.

Definite diagnosis, usual course	Dec
Adult, minimum findings on exam, self-supporting, no work loss, positive statement from attending physician that there has been no progression for at least 3-4 years—X	200 up
Diagnosis uncertain—X	individual consideration

SPINAL DEFORMITY

curvature, scoliosis

Included under this heading are: kyphosis—backward curvature; lordosis—forward curvature; scoliosis—lateral curvature.

Mild —No noticeable deformity on casual inspection; no abnormality of gait; no appreciable displacement of organs.

Moderate—Worse than above but not as severe as below.

Severe —Height 5'3" or less in males and 4'11" or less in females; marked abnormality of gait, or appreciable displacement of organs.

Ratings are in addition to any ratings for cause.

X if appears ratable

Mild or moderate, uncomplicated	
Ages 0-20	U Std(1)
21 up	0-30(1)
Severe	
Uncomplicated	100-200 up(2)
Complicated	PRN

- (1) WP No if rated
(2) WP No, ADB No

EPILEPSY

Exhibit 9

Epilepsy is characterized by recurrent paroxysms of impairment of consciousness or other psychic functions, involuntary muscle movement, and disturbances of the autonomic nervous system. It is a chronic disorder whose causative factors are usually unknown, but may be genetic, or acquired as the result of brain lesions, tumors, or inflammation. Onset most often occurs in early childhood or adolescence.

GRAND MAL EPILEPSY, idiopathic epilepsy, is characterized by recurring convulsions with loss of consciousness. It is usually due to genetic or unknown factors. Status epilepticus is a relatively rare condition in which there are a series of attacks at intervals so short that consciousness from the first attack is not regained before the next attack supervenes.

PETIT MAL EPILEPSY is characterized by recurring seizures of impairment of consciousness or other mental functions of very short duration and without the generalized convulsions characteristic of grand mal epilepsy. It is most common in childhood and tends to disappear after adolescence.

JACKSONIAN EPILEPSY is a type of convulsive disorder in which the attacks are usually confined to a particular part of the body. It is almost always acquired as a result of pressure, adhesion, scar, irritation, or tumor of the brain. Many cases can be successfully treated surgically.

PSYCHOMOTOR SEIZURES is a term used to describe attacks which do not conform to the classical description of grand mal, petit mal, or Jacksonian seizures. In most cases there is a brief loss of consciousness similar to that which occurs with petit mal epilepsy. The duration of the attacks tends to be longer than petit mal attacks, and the range of muscular movements is greater. Another form is characterized by prolonged periods of mental cloudiness or automatic behavior associated with complete amnesia for the entire period. Individuals afflicted with this latter form may commit irrational acts or crimes during the period of the attacks with no recollection of their actions later.

EPILEPTIC EQUIVALENTS do not represent "true epilepsy". Certain types of headaches (particularly those with associated paresthesia), and recurrent attacks of stomach cramps relieved by dilantin or similar medication are examples of epileptic equivalents.

All cases: X

Grand Mal

Particularly hazardous cases, as below U Dec

- All cases in juveniles under 16 at time of application
- First attack within one year of application
- More than six attacks per year, the last within three years
- Change in mentality or personality
- Rateable CVR impairment
- Status epilepticus within five years
- Frequency of seizures increasing

Others	Ages 16-35	Ages 36 up
0-1 yr since last attack	400	300
1-2	300	200
2-5	150 (1)	100 (2)
5-10	50-100*(2)	25-50*(3)
10 up	20-50*(3)	20-30*(3)

* Use lower ratings only if medication discontinued for at least two years

Petit Mal

0-2 yrs since last attack	75-100*(2)
2-4	50-75*(2)
4 up	U Std

* Rating depends on frequency of attacks, nervous system stability, and family history of nervousness, epilepsy, or suicide

Jacksonian

Operated, no recurrence

R-1 yr	75-125*(2)
1-3	50-100*(2)
3-5	20-50*(3)
5 up	U Std

* Rating depends on severity and frequency of attacks prior to operation

Others rate as grand mal or petit mal according to symptoms

Psychomotor seizures	
Short, nonviolent episodes	usually rate as petit mal
Others	see M.D.
Epileptic equivalents	usually rate as petit mal

- (1) ADB No
- (2) WP No, ADB No
- (3) WP PRN, ADB PRN

MENTAL RETARDATION

The cases most frequently seen in underwriting are those involving children and self supporting adults. With a juvenile the underwriting evaluation should be based not only on the degree of retardation as established by his intelligence quotient (IQ), but on the likelihood that his training, environment, and economic circumstances will ultimately result in his becoming a relatively independent, self supporting member of society. In recent years, considerable progress has been made in the training of retarded children. This, combined with increasing public awareness that many retarded individuals can be productively employed, has appreciably improved the long term outlook for a significant number of retarded children. Particular care must nevertheless be taken in these cases to establish that there is a satisfactory insurable interest.

Self supporting adults who are only mildly retarded present little or no underwriting hazard assuming they have made satisfactory adjustments, both socially and economically.

<i>All cases: X</i>	
Ages 0-6	U Dec
Ages 7-18	
Best cases—attending regular school, progressing at reasonable rate	U Std(1)
Others	U Dec
Ages 19 up	
Self-supporting or attending regular school	U Std(2)
Others	individual consideration(2)

- (1) WP No, ADB No
- (2) WP No, ADB PRN

MULTIPLE SCLEROSIS

disseminated sclerosis

This is a chronic disease of the central nervous system which has no uniform pattern. It appears in early adult life with any one or a combination of isolated paralyses, parasthesia (numbness, tingling), optic atrophy, nystagmus, difficult speech and altered reflexes. Remissions, often apparently complete and sometimes lasting for years, should seldom be allowed to reflect on the accuracy of the diagnosis unless at least ten years have elapsed since the original attack. Recurrence is the rule.

<i>All cases: X</i>	
Single episode, no residuals	
0-2 yrs	Dec
2-3	400
3-4	300
4-5	200
5-10	50-150(1)
10 up	question original diagnosis
Recurrence	U Dec

- (1) WP No, ADB No

PARALYSIS

Paralysis is usually categorized as "spastic" or "flaccid" depending on whether the muscles supplied by the affected portion of the nervous system remain under tension or are completely relaxed. Typically, paralysis which is the result of brain damage (e.g., cerebral thrombosis) is spastic in nature. Paralysis resulting from damage to peripheral nerves is invariably flaccid. Depending on the type and location of the lesion or lesions, paralysis resulting from spinal cord damage may be either spastic (e.g., multiple sclerosis) or flaccid (e.g., poliomyelitis or traumatic transection of the cord). Physicians sometimes refer to upper motor neurone lesions (which result in spastic paralysis) and lower motor neurone lesions (which result in flaccid paralysis). In either type, spastic or flaccid, it is important to determine the status of bowel and bladder function if the lower portion of the body is involved.

All cases: X

Cerebral hemorrhage, thrombosis, embolism, apoplexy, or stroke	see CEREBRAL HEMORRHAGE
Cerebral palsy, spastic palsy—watch for mental retardation, CVR disease	
Best cases—positive assurance of normal mentality, good environment	
With involvement of one extremity only, or if more than one limb involved, essentially normal locomotion and use of hands and arms due to the mildness of the impairment	Std
Involvement more extensive than above—XHO	50-100(1)
Others	
Ages 0-10	Dec
11 up	PRN
Facial paralysis	
If associated with paralysis or abnormal neurological findings in other parts of the body	usually rate as CEREBRAL HEMORRHAGE
Bell's palsy—definite diagnosis	Std
Others	see MD
Familial periodic paralysis	100-Dec*(1)
* Rating depends on effectiveness of treatment and duration of control	
Hemiplegia	
Due to cerebral hemorrhage	rate as CEREBRAL HEMORRHAGE
Due to other causes	PRN
Paralysis agitans, Parkinsonism	usually 50-100 up(1)
Paraplegia — XHO	
Best cases—self supporting; favorable adjustment to impairment; no history, past or present, of decubitus ulcers (pressure sores)	
Bladder and bowel function normal	
0-2 yrs since onset	usually PP
2 up	100 up(1)
With cord bladder or bowel incontinence*	
0-2 yrs since onset	PP
2 yrs up	
Ages 0-20	Dec
21-39	300-Dec
40 up	200 up
* In some cases, partial control of bladder and bowel function will be regained. Consideration may be given to accepting such cases with ratings somewhere between those quoted for "bowel and bladder function normal" and "with cord bladder or bowel incontinence."	
●others	Dec

(1) WF No, ADB No

(cont'd)

Poliomyelitis, infantile paralysis — *XHO*

Mild—slight atrophy, one extremity, little or no interference with occupation or locomotion	Stal
Moderate—definite limp, atrophy, or shortening; some interference with function but no appreciable interference with occupation	20-50(2)
More extensive than above	
With loss of bladder or bowel control	U Dec
With severe spinal deformity	
Ages 0-40	200 up
41 up	100 up(1)
Others	75 up(1)
Ptosis of eyelid	
Cause known	RFC
Others	PRN
Quadriplegia — <i>XHO</i>	
Complete	Dec
With sufficient use of upper extremities to be self supporting; favorable adjustment to impairment; no history, past or present, of decubitus ulcers	
0-2 yrs since onset	PP
2 yrs up	
Ages 0-20	Dec
21-39	300-Dec
40 up	200 up
Others	see MD

(1) WP No, ADB No
 (2) WP PRN, ADB PRN

ANNEX C

Mo. Indem. Med. Exp.

AMPUTATION

Amputations necessitated by disease are usually more significant than those due to trauma. For underwriting purposes, consideration must be given to the cause of the amputation, the individual's adjustment to his handicap, and the effect on his earning power. Even minimal indications of occupational instability or difficulty in mental or social adjustment should be underwritten very cautiously. A special elimination rider (Form AS-9) is used with disability benefits longer than five years. Dismemberment benefits must be modified.

Due to trauma		
Fingers		
Enough remaining to provide gripping power	Std	Std
Others	rate as loss of one arm below elbow	
Toes	Std	Std
One arm, below elbow (or hand)	R2	R2
One arm, above elbow	A25, H0 & R2	A25, H0 & R2
One leg, below knee (or foot), with good prosthesis	R2	R2
One leg, above knee, with good prosthesis	A50, H0 & R2	A50, H0 & R2
One leg, above or below knee, no prosthesis	Add A25	Add A25
Two members amputated	IC	IC
Due to disease	RFC in addition to rating for amputation	

CRIPPLING

lameness, limp

Curvature and deformity of the spine are listed under SPINAL DEFORMITY. Location and cause are important factors. Ratings for amputation and cause will serve as guides.

Shortened leg		
Up to one inch, slight limp, no interference with occupation	U Std	U Std
Others	PRN & R19	PRN & R19
Others	PRN	PRN

DEAF-MUTISM

Frequently associated with other congenital abnormalities.

Congenital, well-adjusted, no other abnormalities	rate as total deafness	
Others	U Dec	U Dec

Exhibit 9

Mo. Indem.	Med. Exp.
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DEAFNESS

May be caused by chronic otitis media, mastoiditis, Meniere's disease, otosclerosis, or auditory nerve degeneration. In some cases the cause is not clear. Accident is the primary hazard.

Ratings are in addition to any rating for cause. Rate on basis of hearing before correction by hearing aid.

Slight	Std	Std
Moderate	A25, H0	A25, H0 & R22
Marked or total	A50-Dec, H50-Dec & R23	A50 up, H0-50 & R23
Moderate, one ear, slight or normal in other	Std	Std
Total in one ear, slight or normal in other	A25, H0	A25, H0 & R22

BLINDNESS

impairment of vision

Consideration must be given to the cause of the blindness and the resulting accident hazard. When blindness in one eye occurs as a result of disease, there is a possibility that the other eye will become involved.

Ratings are in addition to rating for cause.

Blindness

One eye, other eye clearly normal (with or without glasses)

Due to accident

R-6 mos

6 mos up

Due to disease

PP	PP
A25, H0 & R34	A25, H0 & R54
PRN—selected cases may be treated as accidental	
PRN—consider treating as total blindness	

One eye, other eye not clearly normal

Total blindness

Best cases

Others

Dec	A50, H0 & R35
Dec	A100, H50 & R35

Impairment of vision (use corrected vision)

Slight

One eye	Other eye		
20/20	20/130 or better	Std	Std
20/30	20/80 or better	Std	Std
20/40	20/70 or better	Std	Std
20/50	20/50 or better	Std	Std

Moderate

One eye	Other eye		
20/20	20/200 or worse	A25, H0	A25, H0
20/30	20/100 or worse	A25, H0	A25, H0
20/40	20/80 or worse	A25, H0	A25, H0
20/50	20/60 or worse	A25, H0	A25, H0
20/60	20/60 to 20/130	A50-100, H0	A50-100, H0
20/70	20/70 to 20/100	A50-100, H0	A50-100, H0
20/80	20/80	A50-100, H0	A50-100, H0

Severe

One eye	Other eye		
20/60	20/200 or worse	U Dec	A100, H50
20/70	20/130 or worse	U Dec	A100, H50
20/80	20/100 or worse	U Dec	A100, H50
20/100	20/100 or worse	U Dec	A100, H50
20/130	20/130 or worse	U Dec	A100, H50
20/200	20/200 or worse	U Dec	A100, H50

Exhibit 9

Mo. Indem.	Med. Exp.
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PROGRESSIVE MUSCULAR DYSTROPHY (MUSCULAR DYSTROPHY)

An hereditary disease characterized by progressive weakness of striated muscle. There are several forms differentiated by the portion of the body where involvement is most marked. In some cases the affected muscles may appear normal or larger than normal (pseudohypertrophy) even though there is marked weakness. In others, muscle wasting or atrophy is apparent. The heart muscle may be involved.

The usual course is steady and slow progression to complete debility. In general, the progression is faster when the disease becomes manifest early in life.

All cases Dec Dec

SPINAL DEFORMITY

Included under this heading are: kyphosis—backward curvature; lordosis—forward curvature; scoliosis—lateral curvature.

Mild —no noticeable deformity on casual inspection; no abnormality of gait; no appreciable displacement of organs.

Moderate—worse than above but not as severe as below.

Severe —height 5'3" or less in males and 4'11" or less in females; marked abnormality of gait, or appreciable displacement of organs.

Ratings are in addition to any ratings for cause.

Mild, uncomplicated, not progressive	Std or R78	Std or R78
Moderate, uncomplicated, not progressive	A25, H25 & R78	A25, H25 & R78
Severe	Dec	Dec

EPILEPSY

Epilepsy is characterized by recurrent paroxysms of impairment of consciousness or other psychic functions, involuntary muscle movement and disturbances of the autonomic nervous system. It is a chronic disorder whose causative factors are usually unknown, but may be genetic, or acquired as the result of brain lesions, tumors, or inflammation. Onset most often occurs in early childhood or adolescence.

GRAND MAL EPILEPSY, idiopathic epilepsy, is characterized by recurring convulsions with loss of consciousness. It is usually due to genetic or unknown factors. Status epilepticus is a relatively rare condition in which there are a series of attacks at intervals so short that consciousness from the first attack is not regained before the next attack supervenes.

PETIT MAL EPILEPSY is characterized by recurring seizures of impairment of consciousness or other mental functions of very short duration and without the generalized convulsions characteristic of grand mal epilepsy. It is most common in childhood and tends to disappear after adolescence.

JACKSONIAN EPILEPSY is a type of convulsive disorder in which the attacks are usually confined to a particular part of the body. It is almost always acquired as a result of pressure, adhesion, scar, irritation, or tumor of the brain. Many cases can be successfully treated surgically.

Mo. Indem.	Med. Exp.
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EPILEPSY — cont'd

PSYCHOMOTOR SEIZURES is a term used to describe attacks which do not conform to the classical description of grand mal, petit mal, or Jacksonian seizures. In most cases there is a brief loss of consciousness similar to that which occurs with petit mal epilepsy. The duration of the attacks tends to be longer than petit mal attacks, and the range of muscular movements is greater. Another form is characterized by prolonged periods of mental cloudiness or automatic behavior associated with complete amnesia for the entire period. Individuals afflicted with this latter form may commit irrational acts or crimes during the period of the attacks with no recollection of their actions later.

EPILEPTIC EQUIVALENTS do not represent "true epilepsy". Certain types of headaches (particularly those with associated paresthesia), and recurrent attacks of stomach cramps relieved by dilantin or similar medication are examples of epileptic equivalents.

Grand mal		
Ages 0-16	Dec	Dec
Ages 17 up		
0-10 yrs since last attack	Dec	Dec
10 up		
No history of status epilepticus, medication discontinued for at least two years, no other		
ratable impairment	A50-100, H50-100	A50-100, H50-100
●Others	IC	IC
Petit mal		
0-2 yrs since last attack	PP	PP
2-5	A100-200, H100-200*	A100-200, H100-200*
5-7	A50, H50	A50, H50
7 up	Std	Std
* Rating depends on frequency of attacks, nervous system stability, and family history of nervousness, epilepsy, or suicide		
Jacksonian		
Operated, no recurrence		
R-3 yrs	Dec	Dec
3-5	A50-100, H50-100*	A50-100, H50-100*
5 up	U Std	U Std
* Rating depends on severity and frequency of attacks prior to operation		
Others	rate as grand mal or petit mal according to symptoms	
Psychomotor seizures		
Short, nonviolent episodes	usually rate as petit mal	
Others	see MD	
Epileptic equivalents	usually rate as petit mal	

Exhibit 9

Mo. Indem.	Med. Exp.
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MENTAL RETARDATION

The cases most frequently seen in underwriting are those involving children and self-supporting adults.

With a juvenile, the underwriting evaluation should be based not only on the degree of retardation as established by his intelligence quotient (IQ) but on the likelihood that his training, environment and economic circumstances will ultimately result in his becoming a relatively independent, self-supporting member of society. In recent years, considerable progress has been made in the training of retarded children. This, combined with increasing public awareness that many retarded individuals can be productively employed, has appreciably improved the long term outlook for a significant number of retarded children. Particular care must nevertheless be taken in these cases to establish that special training or institutionalization will not likely be required.

Self-supporting adults who are only mildly retarded present little or no extra medical expense hazard assuming they have made satisfactory adjustments, both socially and economically, but should not be considered for disability coverage.

Ages 0-9		Dec
Ages 10-18		
Best cases—attending regular school, progressing at reasonable rate	Dec	A50, H50
Others	Dec	Dec
Ages 19 up		
Self-supporting or attending regular school	Dec	A0-50, H0-50
Others	Dec	Dec

MULTIPLE SCLEROSIS

disseminated sclerosis

This is a chronic disease of the central nervous system which has no uniform pattern. It appears in early adult life with any one or a combination of isolated paralyses, parasthesia (numbness, tingling), optic atrophy, nystagmus, difficult speech and altered reflexes. Remissions, often apparently complete and sometimes lasting for years, should seldom be allowed to reflect on the accuracy of the diagnosis unless at least ten years have elapsed since the original attack. Recurrence is the rule.

All cases	Dec	Dec
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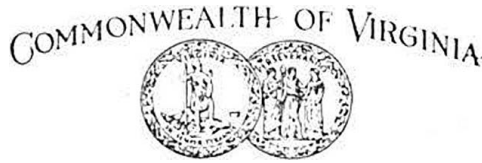
Mo. Indem.	Med. Exp.
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PARALYSIS

Paralysis is usually categorized as "spastic" or "flaccid" depending on whether the muscles supplied by the affected portion of the nervous system remain under tension or are completely relaxed. Typically, paralysis which is the result of brain damage (e.g., cerebral thrombosis) is spastic in nature. Paralysis resulting from damage to peripheral nerves is invariably flaccid. Depending on the type and location of the lesion or lesions, paralysis resulting from spinal cord damage may be either spastic (e.g., multiple sclerosis) or flaccid (e.g., poliomyelitis or traumatic transection of the cord). Physicians sometimes refer to upper motor neurone lesions (which result in spastic paralysis) and lower motor neurone lesions (which result in flaccid paralysis). In either type, spastic or flaccid, it is important to determine the status of bowel and bladder function if the lower portion of the body is involved.

Cerebral hemorrhage, thrombosis or embolism, apoplexy, stroke	see CEREBRAL HEMORRHAGE	
Cerebral palsy, spastic palsy—watch for mental retardation, CVR disease		
Best cases—positive assurance of normal mentality, good environment		
With involvement of one extremity only, or if more than one limb involved, essentially normal locomotion and use of hands and arms due to the mildness of the impairment	IC	IC
Others	Dec	Dec
Facial paralysis		
If associated with paralysis or abnormal neurological findings in other parts of the body	usually rate as CEREBRAL HEMORRHAGE	
Bell's palsy, definite diagnosis, recovered	Std	Std
Others	see MD	see MD
Familial periodic paralysis	Dec	Dec
Hemiplegia		
Due to cerebral hemorrhage	rate as CEREBRAL HEMORRHAGE	
Due to other causes	PRN	PRN
Paralysis agitans, Parkinsonism	Dec	Dec
Paraplegia	Dec	Dec
Poliomyelitis, infantile paralysis		
Mild—slight atrophy, one extremity, little or no interference with occupation or locomotion	Std	Std
Moderate—definite limp, atrophy or shortening; some interference with function, but no appreciable interference with occupation	A25, H0 & R63	A25-50, H0 & R63
More extensive than above		
With loss of bladder or bowel control	Dec	Dec
With severe spinal deformity	Dec	Dec
Others, including use of brace, crutch or cane	U Dec	IC
Ptosis of eyelid		
Cause known	RFC & R70	RFC & R70
Others	PRN	PRN
Quadriplegia	Dec	Dec
Others	see MD	see MD

JOHN G. DAY
COMMISSIONER OF INSURANCE
JAMES W. NEWMAN
DEPUTY COMMISSIONER OF INSURANCE




BOX 1157
RICHMOND, VA 23209
TELEPHONE (800) 786-3711

STATE CORPORATION COMMISSION
BUREAU OF INSURANCE

February 17, 1977

MEMORANDUM

TO: All Commissioners, Superintendents and Directors
FROM: John G. Day 
SUBJECT: Insurance Problems of Disabled and Handicapped Persons

Attached is a copy of a Joint Resolution directing the Bureau of Insurance to study the insurance problems encountered by the disabled and handicapped and possible solutions.

While the primary thrust of the resolution is directed towards automobile insurance, it also relates to any other type of insurance.

I would be very grateful if you could send to me any studies you may have done regarding this subject. If studies are underway, we would appreciate it if you could direct us to appropriate members of your staff that are working on this subject.

Copies of any pertinent rules or regulations would also be extremely helpful.

Once our survey is completed, I will send to each of you a copy of our survey.

Thanks very much for your co-operation.

JGD:dj
Attachment

WISCONSIN ADMINISTRATIVE CODE

Ins 6.54: Prohibited classification of risks for rating purposes.
(1) **PURPOSE.** This rule interprets and implements sections 601.01 (3) (b), 625.02, 625.11, 625.12 (2), 625.13, and 625.21 (2), and chapter 628, Wis. Stats., for the purpose of prohibiting certain practices.

(2) **SCOPE.** This rule applies to all contracts issued, renewed or amended in Wisconsin affording automobile insurance coverage and all contracts issued, renewed or amended in Wisconsin affording coverage for loss or damage to real property used for residential purposes for not more than four living units or affording coverage for loss or damage to personal property used for residential purposes.

(3) **PROHIBITED PRACTICES.** (a) No insurance company shall refuse, cancel or deny insurance coverage to a class of risks solely on the basis of any of the following factors (taken individually or in combination), nor shall it place a risk in a rating classification on the basis of any of the following factors without credible information supporting such a classification and demonstrating that it equitably reflects differences in past or expected losses and expenses and unless such information is filed in accordance with sections 625.12, 625.13 and 625.21 (2), Wis. Stats.:

1. The applicant's or insured's past criminal record;
2. The applicant's or insured's physical or developmental disability as defined in section 51.434 (1), Wis. Stats.;
3. The applicant's or insured's past mental disability;
4. The applicant's or insured's age;
5. The applicant's or insured's marital status;
6. The applicant's or insured's sexual preference;
7. The applicant's or insured's "moral" character.

(b) Nothing in paragraph (a) shall be construed as including within the definition of prohibited practices any of the following:

1. Denying, cancelling or non-renewing the automobile or property insurance of a person convicted of an offense if the offense which resulted in the conviction is directly related to the risk to be insured;
2. Establishing a classification system merely for the purpose of developing statistical data;
3. Underwriting only the class of risks which are specified in the insurer's articles of incorporation;
4. Establishing a rate based on the record of all drivers of an insured automobile;
5. Establishing a rate based on the number of people residing in a household.

(c) Nothing in paragraph (a) or (b) shall be interpreted in any way as limiting the prohibitions contained in sections 632.25 and 942.04 (1) (c), Wis. Stats.

(4) **PENALTY.** Violation of this rule may subject the insurer to the penalties set forth in section 601.04, Wis. Stats.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

65B.131 FAMILY POLICIES; HANDICAPPED PERSONS; RESTRICTIONS ON PREMIUM INCREASES. No person, authorized under the laws of this state to sell and provide automobile insurance as defined by the commissioner, and providing such insurance under any policy covering all the members of any family who are of the age and licensed to drive those motor vehicles which are owned, leased or regularly operated by such family members shall require, demand or receive any increase in premium payment for such insurance coverage solely on the basis that a handicapped member of that family has attained the age for the lawful operation of a motor vehicle on the roadways of this state if such handicapped member of the family

- (a) has successfully completed any approved driver education course;
- (b) shall operate only such vehicle or vehicles as are equipped with auxiliary devices and equipment necessary for and permitting the safe and effective operation of such vehicle or vehicles by the handicapped family member; and
- (c) is licensed by the department of public safety to operate a motor vehicle in this state.

**STATE OF MICHIGAN
78TH LEGISLATURE**

Sec. 2027. Unfair methods of competition and unfair or deceptive acts or practices in the business of insurance include:

(a) Refusing to insure, or refusing to continue to insure, or limiting the amount of coverage available to an individual or risk because of any of the following:

(i) Race, color, creed, marital status, sex, or national origin, except that marital status may be used to classify individuals or risks for the purpose of insuring family units.

(ii) The residence, age, handicap, or lawful occupation of the individual or the location of the risk, unless there is a reasonable relationship between the residence, age, handicap, or lawful occupation of the individual or the location of the risk and the extent of the risk or the coverage issued or to be issued, but subject to subparagraph (iii). This section shall not prohibit an insurer from specializing in or limiting its transactions of insurance to certain occupational groups, types, or risks as approved by the commissioner of insurance. The commissioner shall approve the specialization for an insurer licensed to do business in this state and whose articles of incorporation contained a provision on July 1, 1976, requiring that specialization.

(iii) For property insurance, the location of the risk, unless there is a statistically significant relationship between the location of the risk and a risk of loss due to fire within the area in which the insured property is located. As used in this subparagraph, "area" means a single zip code number under the zoning improvement plan of the United States postal service.

(b) Refusing to insure or refusing to continue to insure an individual or risk solely because the insured or applicant was previously denied insurance coverage by an insurer.

(c) Charging a different rate for the same coverage based on sex, marital status, age, residence, location of risk, handicap, or lawful occupation of the risk unless the rate differential is based on sound actuarial principles, a reasonable classification system, and is related to the actual and credible loss statistics or reasonably anticipated experience in the case of new coverages. This subdivision shall not apply if the rate has previously been approved by the commissioner.

STATE OF WASHINGTON

Unfair Practices

48.30.300

48.30.300 Unfair discrimination based upon sex, marital status, sensory, mental or physical handicap prohibited. No person or entity engaged in the business of insurance in this state shall refuse to issue any contract of insurance or cancel or decline to renew such contract because of the sex or marital status, or the presence of any sensory, mental, or physical handicap of the insured or prospective insured. The amount of benefits payable, or any term, rate, condition, or type of coverage shall not be restricted, modified, excluded, increased or reduced on the basis of the sex or marital status, or be restricted, modified, excluded or reduced on the basis of the presence of any sensory, mental, or physical handicap of the insured or prospective insured. These provisions shall not prohibit fair discrimination on the basis of sex, or marital status, or the presence of any sensory, mental, or physical handicap when bona fide statistical differences in risk or exposure have been substantiated. (1975-'76 2nd ex.s. c 119 § 7.)

STATE OF OREGON

"No person shall make or permit any unfair discrimination between individuals of the same class and equal expectation of life or between risks of essentially the same hazard in the application of rates for insurance policies, in the dividends or other benefits payable thereunder, or in any other terms or conditions thereof."

INSURANCE DEPARTMENT (510)

Pursuant to the authority of section 507B.12 of the Code,
the following rules are adopted.

CHAPTER 15

UNFAIR TRADE PRACTICES

DISCRIMINATION ON THE BASIS OF BLINDNESS,
PARTIAL BLINDNESS, OR PHYSICAL DISABILITY

510--15.80(507B) Purpose. The purpose of this regulation is to state that individuals who are blind, partially blind, or have a physical disability do not, for that reason, constitute a class. Therefore, individuals who are blind, partially blind, or have a physical disability will not, solely on that basis, be unfairly discriminated against in the rates charged for any contract of life insurance or life annuity or in the dividends or other benefits payable thereon or in any other of the terms and conditions of such contract; and will not, solely on the basis of blindness, partial blindness or physical disability, be unfairly discriminated against in the amount of premium, policy fees or rates charged for any policy or contract of insurance other than life or in the benefits payable thereunder or in any of the terms or conditions of such contract, or in any manner whatever.

510--15.81(507B) Definitions.

15.81(1) "Contract" shall mean "insurance policy" or "insurance contract" as defined in section 507B.2(3) of the Code.

15.81(2) "Person" shall mean "person" as defined in section 507B.2(1) of the Code.

510--15.82(507B) Applicability and Scope.

15.82(1) This regulation shall apply to all contracts delivered or issued for delivery in this state by a person on or after the effective date of this regulation and to all

existing group contracts which are amended or renewed on or after the effective date of this regulation.

15.82(2) Nothing contained in this regulation shall be construed to prohibit discrimination between individuals of the same class who do not have equal expectation of life or who have an expected risk of loss different than that of other individuals of the same class.

510--15.83(507B) Prohibition.

15.83(1) For the purposes of sections 507B.4(7)(a) and 507B.4(7)(b) of the Code, individuals shall not be considered to be of the same class solely because such individuals are blind, partially blind, or physically disabled.

15.83(2) For the purposes of section 507B.4(7)(a) individuals shall not be considered to have a different life expectancy solely because they are blind, partially blind, or physically disabled.

These rules and the notice of intended action were previously published in the Iowa Administrative Code supplement dated 10/20/76. Subrule 15.82(2) has been added as a result of suggestions made at the public hearing held November 16, 1976, and the paragraph designated as rule 15.82 in the 10/20/76 publication has now become subrule 15.82(1).

These rules will become effective on March 2, 1977.


DPTA


HERBERT W. ANDERSON
Commissioner of Insurance

CHAPTER 139—S.F.No.765

An act relating to insurance; defining certain unfair discriminatory practices; amending Minnesota Statutes 1974, Section 72A.20, Subdivision 1.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 1974, Section 72A.20, Subdivision 1, is amended to read:

72A.20 INSURANCE; DISCRIMINATORY PRACTICES; DISABILITIES; METHODS, ACTS AND PRACTICES WHICH ARE DEFINED AS UNFAIR OR DECEPTIVE. Subdivision 1. **SCHEDULE OF UNFAIR METHODS.** The following are hereby defined as unfair methods of competition and unfair and deceptive acts or practices in the business of insurance:

(8) **DISCRIMINATION.** Making or permitting any unfair discrimination between individuals of the same class and equal expectation of life in the rates charged for any contract of life insurance or of annuity or in the dividends or other benefits payable thereon, or in any other of the terms and conditions of such contract or in making or permitting the rejection of an individual's application for life insurance coverage, as well as the determination of the rate class for such individual, on the basis of a disability, unless the claims experience and actuarial projections and other data establish significant and substantial differences in class rates because of the disability :

(9) **DISCRIMINATION BETWEEN INDIVIDUALS OF THE SAME CLASS.** Making or permitting any unfair discrimination between individuals of the same class and of essentially the same hazard in the amount of premium, policy fees, or rates charged for any policy or contract of accident or health insurance or in the benefits payable thereunder, or in any of the terms or conditions of such contract, or in any other manner whatever, or in making or permitting the rejection of an individual's application for accident or health insurance coverage, as well as the determination of the rate class for such individual, on the basis of a disability, unless the claims experience and actuarial projections and other data establish significant and substantial differences in class rates because of the disability :

Be It Enacted by the Legislature of the State of Florida:

Section 1. Section 626.9705, Florida Statutes, is created to read:

626.9705 Life or disability insurance; illegal dealings.--

(1) No life or disability insurer shall refuse to renew, sell or issue a life or disability insurance policy, or establish or charge a premium or rate to an applicant or a prospective policyholder, or establish or charge an unfair, discriminatory premium or rate to such person, solely on the grounds that the applicant or policyholder suffers from a severe disability.

(2) "Severe disability", as used in this section, means any spinal cord disease or injury resulting in permanent and total disability, amputation of any extremity that requires prosthesis, permanent visual acuity of 20/200 or worse in the better eye with the best correction, or a peripheral field so contracted that the widest diameter of such field subtends an angular distance no greater than 20 degrees.

Section 2. This act shall take effect October 1, 1975.

SENATE SUMMARY

Creates 626.9705, F.S., to prohibit any life or disability insurer from refusing to renew, sell or issue a life or disability insurance policy to an applicant or prospect for such insurance solely on the grounds that the applicant or prospect suffers from a severe disability. Effective October 1, 1975.

Be it Enacted by the General Assembly of the State of Ohio:

Sec. 3999.16. NO OFFICER, DIRECTOR, TRUSTEE, AGENT, OR EMPLOYEE OF ANY INSURANCE COMPANY, CORPORATION, OR ASSOCIATION AUTHORIZED TO TRANSACT BUSINESS IN THIS STATE SHALL KNOWINGLY USE UNDERWRITING STANDARDS OR RATES THAT RESULT IN UNFAIR DISCRIMINATION AGAINST ANY HANDICAPPED PERSON. THIS SECTION DOES NOT PREVENT REASONABLE CLASSIFICATIONS OF HANDICAPPED PERSON FOR DETERMINING INSURANCE RATES.

AS USED IN THIS SECTION, "HANDICAPPED" MEANS A MEDICALLY DIAGNOSABLE, ABNORMAL CONDITION WHICH IS EXPECTED TO CONTINUE FOR A CONSIDERABLE LENGTH OF TIME, WHETHER CORRECTABLE OR UNCORRECTABLE BY GOOD MEDICAL PRACTICE, WHICH CAN REASONABLY BE EXPECTED TO LIMIT THE PERSON'S FUNCTIONAL ABILITY, INCLUDING BUT NOT LIMITED TO SEEING, HEARING, THINKING, AMBULATING, CLIMBING, DESCENDING, LIFTING, GRASPING, SITTING, RISING, ANY RELATED FUNCTION, OR ANY LIMITATION DUE TO WEAKNESS OR SIGNIFICANTLY DECREASED ENDURANCE, SO THAT HE CANNOT PERFORM HIS EVERYDAY ROUTINE LIVING AND WORKING WITHOUT SIGNIFICANTLY INCREASED HARDSHIP AND VULNERABILITY TO WHAT ARE CONSIDERED THE EVERYDAY OBSTACLES AND HAZARDS ENCOUNTERED BY THE NONHANDICAPPED.

APPENDIX B

HOUSE JOINT RESOLUTION NO.....

Continuing the joint subcommittee of the Corporations, Insurance and Banking Committee of the House of Delegates and the Commerce and Labor Committee of the Senate studying insurance related problems of disabled handicapped persons.

WHEREAS, many handicapped and disabled persons make significant contributions to our society and economy; and

WHEREAS, such persons are sometimes the victims of multifarious forms of discrimination, some being subtle and others being blatant; and

WHEREAS, it appears that some handicapped and disabled persons may be denied insurance or placed in special or assigned risk categories due in part at least to their handicap or disability; and

WHEREAS, House Joint Resolution No. 247 of the nineteen hundred seventy-seven Session of the General Assembly established a joint subcommittee to study insurance related problems; and

WHEREAS, although the joint subcommittee has made significant progress, a substantial amount of work remains to be done; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That the joint subcommittee of the Corporations, Insurance and Banking Committee of the House of Delegates and the Commerce and Labor Committee of the Senate studying insurance related problems of disabled and handicapped persons is hereby continued. The joint subcommittee shall study, among other things, whether insurance companies: (i) deny handicapped and disabled persons insurance; (ii) refuse to renew insurance for such persons; and (iii) arbitrarily and capriciously place such persons in assigned risk categories. The joint subcommittee shall also study the feasibility of implementing a procedure for handicapped and disabled persons to appeal this assignment to special or assigned categories. The joint subcommittee shall consider problems handicapped and disabled persons have in obtaining all types of insurance, including life and health insurance.

Upon completion of its study the joint subcommittee shall introduce such legislation as it deems appropriate.

Those members of the House of Delegates and the Senate who served on the joint subcommittee during nineteen hundred seventy-seven shall continue to serve during nineteen hundred seventy-eight.

All agencies of the Commonwealth are directed to fully cooperate with and assist the joint subcommittee in its study.

