

**REPORT OF THE
JOINT SUBCOMMITTEE STUDYING**

**Motor Vehicle Liability
Insurance and the Insurance
Rates for Taxicabs
in the Roanoke Area**

**TO THE GOVERNOR AND
THE GENERAL ASSEMBLY OF VIRGINIA**



House Document No. 36

**COMMONWEALTH OF VIRGINIA
RICHMOND
1987**

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MEMBERS OF COMMITTEE

- Gladys B. Keating, Chairperson
- Frank W. Nolen, Vice Chairperson
- Bernard S. Cohen
- William E. Fears
- Harvey B. Morgan
- Richard L. Saslaw
- William T. Wilson

STAFF

Legal and Research

Division of Legislative Services

- C. William Cramme', III, Senior Staff Attorney
- Terry Mapp Barrett, Research Associate
- Cleola G. Wilkerson, Executive Secretary

Administrative and Clerical

- Office of Clerk, House of Delegates
- Barbara Hanback

1

INTRODUCTION

2

3 In 1898 the first automobile liability insurance policy
4 was issued in the United States in response to the potential
5 economic devastation that could result from an automobile
6 accident. Liability insurance which provided protection
7 from economic loss which might be suffered by innocent
8 victims of insured motorists was only a partial solution to
9 the problem because of the existence of uninsured motorists.
10 Realizing the seriousness of the problems arising from the
11 inadequacies of motor vehicle liability insurance, federal
12 and state governments enacted various types of legislation
13 to deal with the problems.

14 Virginia adopted the Motor Vehicle Safety
15 Responsibility Act, a financial responsibility law, in 1944
16 to keep financially irresponsible motorists who had failed
17 to satisfy judgments against them that resulted from
18 accidents which they caused off of the highways in order to
19 protect innocent persons from further losses. In 1958, it
20 added an uninsured motorist endorsement to the law to
21 address the uninsured motorist situation by shifting the
22 cost of damages caused by an uninsured motorist to himself
23 by requiring motorists to pay an additional \$20 (\$300 today)
24 for the registration of each uninsured motor vehicle.

25 Many have questioned the effectiveness of Virginia's
26 motor vehicle liability insurance laws in protecting the
27 Commonwealth's citizens from potential losses and injury
28 caused by uninsured motorist and feel they are in serious

1 need of study and reform. Motorists may pay an uninsured
2 motorist fee of \$300 in lieu of purchasing insurance and,
3 although the Department of Motor Vehicles has tried to
4 explain to motorists that the payment of this fee does not
5 provide them with any type of insurance coverage, many
6 believe that they are buying "state insurance".

7 In addition, much concern has been expressed and many
8 questions have been raised over the high cost of taxicab
9 liability insurance and the manner in which rates are
10 determined. Currently, no insurer in Virginia will write
11 taxicab insurance therefore most drivers must resort to the
12 assigned risk program for coverage. Taxicab rates in the
13 assigned risk plan have dramatically increased in the past
14 few years as the last two increases effective January 1,
15 1984, and April 1, 1985, were 33 percent and 26 percent
16 respectively. Also, all taxicab drivers are placed in the
17 same assigned risk category regardless of their driving
18 records therefore those with good driving records subsidize
19 those with bad records.

20 A joint subcommittee was established pursuant to House
21 Joint Resolution No. 43 of the 1986 General Assembly to
22 study both the motor vehicle liability insurance laws and
23 the insurance rates for taxicabs because of the concern over
24 each of these issues.

25

26 HOUSE JOINT RESOLUTION NO. 43

27 Establishing a joint subcommittee to study matters related
28 to motor vehicle liability insurance, including the
29 insurance rates of taxicab drivers.

1 WHEREAS, motor vehicle liability insurance has recently
2 become a major concern of many people; and

3 WHEREAS, many people believe that Virginia's motor
4 vehicle liability insurance law, which allows those who
5 prefer not to obtain and maintain such insurance to pay into
6 the uninsured motorist fund instead, is in serious need of
7 study because of the number of Virginia motorists who
8 neither carry such insurance nor have paid into the fund;
9 and

10 WHEREAS, also concerned are taxicab drivers who in
11 recent years have been subject to dramatic increases in
12 their liability insurance rates, with the last increase,
13 effective January 1, 1984, being thirty-three and one-half
14 percent; and

15 WHEREAS, under the present system all taxicab drivers,
16 regardless of their driving records, are placed in the same
17 assigned risk insurance category which many believe is not
18 equitable and therefore feel that a more equitable liability
19 insurance plan should be developed so that experienced good
20 drivers do not subsidize inexperienced drivers and those
21 with chargeable accidents; and

22 WHEREAS, the development of such a plan, apart from the
23 economic equity for drivers, is in the public interest in
24 the safe operation of taxicabs, which interest is not being
25 served by the present system; and

26 WHEREAS, the study of the way Virginia law deals with
27 the question of motor vehicle liability insurance is also in
28 the public interest; now, therefore, be it

1 RESOLVED by the House of Delegates, the Senate
2 concurring, that a joint subcommittee is established to
3 study matters related to motor vehicle liability insurance,
4 including the insurance rates of taxicab drivers. The joint
5 subcommittee shall: (i) study the way Virginia law deals
6 with the question of motor vehicle liability insurance,
7 including the desirability and feasibility of some form of
8 mandatory insurance; (ii) consider alternative plans where
9 good experienced taxicab drivers are not subsidizing
10 inexperienced drivers or those with bad driving records; and
11 (iii) investigate the present method used to determine rates
12 for taxicab drivers and compare those alternative methods
13 offered by the industry as more equitable and in the public
14 interest.

15 The joint subcommittee shall consist of seven members
16 to be appointed as follows: four members from the House
17 Committee on Corporations, Insurance and Banking, to be
18 appointed by the Speaker of the House; and three members
19 from the Senate Committee on Commerce and Labor, to be
20 appointed by the Senate Committee on Privileges and
21 Elections.

22 The joint subcommittee shall complete its work and make
23 its recommendations prior to November 15, 1986.

24 The costs of this study, including direct and indirect
25 costs, are estimated to be \$16,100.

26

27 Delegate Gladys B. Keating of Franconia, the chief
28 patron of the resolution, served as Chairperson of the joint

1 subcommittee. Other members of the House of Delegates
2 appointed to serve were: Bernard S. Cohen of Alexandria,
3 Harvey B. Morgan of Gloucester, and William T. Wilson of
4 Covington.

5 Senator Frank W. Nolen of New Hope served as
6 Vice-Chairperson of the joint subcommittee. Other members
7 of the Senate appointed to serve were: William E. Fears of
8 Accomac and Richard L. Saslaw of Annandale.

9 C. William Cramme', III, Senior Attorney, and Terry
10 Mapp Barrett, Research Associate, of the Division of
11 Legislative Services served as legal and research staff.
12 Barbara Hanback with the House Clerk's Office provided
13 administrative and clerical duties for the joint
14 subcommittee.

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16

WORK OF THE SUBCOMMITTEE

17

18 The joint subcommittee held four meetings during 1986,
19 on June 30, July 28, September 15 and September 24,
20 including two public hearings, and two meetings in 1987, on
21 January 13 and 15, to ascertain problems with Virginia's
22 motor vehicle liability insurance laws and with the
23 insurance coverage available for taxicabs, and to consider
24 solutions to those problems.

25 During the first meeting which was organizational in
26 nature, the subcommittee elected its Chairperson, Delegate
27 Gladys B. Keating, and its Vice Chairperson, Senator Frank
28 W. Nolen, discussed the issues that should be addressed and

1 heard from several individuals and groups. They determined
2 that during the course of the study they should focus their
3 attention on the following issues:

4

5 I. Whether Virginia's motor vehicle liability insurance
6 laws adequately protect Virginia citizens from motorists who
7 do not have such coverage.

8 In making this determination it was decided that the
9 joint subcommittee should:

10 (a) Consider possible alternatives to the present law,
11 including the feasibility and desirability of
12 establishing some sort of mandatory insurance law;

13 (b) Examine how the Uninsured Motorist Fund is
14 operated; and

15 (c) Consider alternatives to help uninsured
16 pedestrians.

17

18 They also decided that if they found that the current
19 laws are adequate, they should determine methods to

20 (i) Encourage motorists to purchase motor vehicle
21 liability insurance coverage; and

22 (ii) Educate the public regarding uninsured and
23 underinsured motorists coverage.

24

25 II. Whether present methods used in determining
26 insurance rates for taxicabs are equitable.

27 In making this determination it was decided that the
28 joint subcommittee should:

- 1 (a) Examine how the Virginia Automobile Insurance Plan
2 (Assigned Risk) operates; and
3 (b) Consider alternative methods offered by the
4 industry whereby experienced drivers with good records
5 do not subsidize inexperienced drivers or those with
6 bad records.

7
8 Background information and testimony regarding these
9 issues were provided over the course of the study by a
10 number of individual taxicab drivers and representatives of
11 the following organizations: the Automobile Insurance Plan
12 Service Office, the Bureau of Insurance, the Department of
13 Motor Vehicles, the National Association of Independent
14 Insurers, the American Insurance Association, the Virginia
15 Taxicab Association, Alexandria Diamond Cab, Yellow Cab of
16 Norfolk, Alexandria, Arlington and Prince William County,
17 White Top Cab Co., Arlington Blue Top Cab Co., Hampton Roads
18 Transportation, Inc. and Norfolk Checker Taxi. Such
19 information and testimony are included in the supporting
20 data of the subcommittee's findings.

21 RECOMMENDATIONS

22 (with major supporting findings)

23

- 24 1. COMPULSORY MOTOR VEHICLE LIABILITY INSURANCE LAWS
25 ARE NOT IN THE BEST INTEREST OF THE COMMONWEALTH.

26 Major Findings:

- 27 a. Virginia's financial responsibility and
28 uninsured motorist laws have been more successful

1 than the compulsory laws of other states in
2 protecting citizens from harm caused by uninsured
3 motorists.

4 b. The Department of Motor Vehicles has several
5 insurance monitoring programs which have been
6 successful in locating uninsured motorists.

7

8 2. THE GENERAL ASSEMBLY SHOULD PASS THE BILL
9 RECOMMENDED BY THE JOINT SUBCOMMITTEE THAT INCREASES
10 THE PENALTIES FOR DRIVING AN UNINSURED MOTOR VEHICLE
11 WITHOUT HAVING PAID THE UNINSURED MOTORIST FEE. THE
12 BILL PROVIDES THAT WHEN CAUGHT AN UNINSURED MOTORIST
13 WHO HAS FAILED TO PAY THE FEE FOR THE CURRENT YEAR
14 SHALL BE REQUIRED TO PAY ANY FEES IN ARREARS FOR THE
15 THREE PRECEDING CALENDAR YEARS PLUS PENALTIES AND
16 INTEREST THEREON BEFORE HAVING HIS LICENSE REISSUED.

17 Major Finding:

18 a. The current penalties in the Code for driving
19 an uninsured motor vehicle without having paid the
20 uninsured motorist fee are not sufficient to
21 discourage motorists from violating the law.

22

23 3. THE GENERAL ASSEMBLY SHOULD PASS THE BILL
24 RECOMMENDED BY THE JOINT SUBCOMMITTEE THAT GIVES PEOPLE
25 WHO DO NOT OWN MOTOR VEHICLES AND THUS DO NOT HAVE
26 MOTOR VEHICLE INSURANCE THE RIGHT, WHEN INJURED BY AN
27 UNINSURED DRIVER, TO FILE A CLAIM AND BRING SUIT TO
28 RECOVER DAMAGES AND MEDICAL EXPENSES AGAINST THE

1 DRIVER. THE BILL PROVIDES THAT/MOTOR VEHICLE LIABILITY
2 INSURANCE CARRIERS, ON A ROTATIONAL BASIS, SHALL BE
3 ASSIGNED TO DEFEND THE DRIVER AND PAY ANY JUDGMENTS UP
4 TO \$25,000 AND SHALL BE REIMBURSED FROM THE UNINSURED
5 MOTORIST FUND IF THE INJURED PARTY PREVAILS IN THE
6 SUIT.

7 Major Findings:

- 8 a. People who do not own motor vehicles and thus
9 do not have motor vehicle insurance are afforded
10 no protections under the uninsured motorist laws.
11 If injured by an uninsured motorist they have no
12 means of recovering the damages and medical
13 expenses incurred as the result of the accident.
- 14 b. Although insurance coverage is available for
15 these people most are not aware of it.

16
17 4. THE GENERAL ASSEMBLY SHOULD PASS THE RESOLUTION
18 RECOMMENDED BY THE JOINT SUBCOMMITTEE THAT REQUESTS THE
19 DEPARTMENT OF MOTOR VEHICLES TO REPORT ANNUALLY TO THEM
20 REGARDING THE UNINSURED MOTORIST SITUATION IN VIRGINIA,
21 THEIR ATTEMPTS TO IMPROVE IT, AND THEIR EFFORTS TO
22 INFORM THE PUBLIC REGARDING THE UNINSURED MOTORIST
23 PROVISIONS.

24 Major Findings:

- 25 a. It is in the public interest that the General
26 Assembly is informed as to DMV's attempts to
27 **reduce the number of uninsured motorists who have**
28 not paid the uninsured motorist fee on the road

1 and to educate the public regarding the uninsured
2 motorist provisions.

3 b. Many people, including some of the employees at
4 DMV, believe that by paying the \$300 uninsured
5 motorist fee uninsured motorists are purchasing
6 "state insurance" when, in reality, the payment of
7 the fee simply allows them to register and operate
8 the vehicle at their own risk but does not provide
9 any insurance coverage. DMV should seek ways, in
10 addition to their new brochure on the uninsured
11 motorist provisions, to ensure that the citizens
12 of this Commonwealth are aware of this.

13

14 5. THE TAXICAB INDUSTRY CURRENTLY HAS AVAILABLE TO IT MEANS
15 OF EFFECTIVELY DEALING WITH ITS OWN PROBLEMS, THEREFORE NO
16 LEGISLATIVE CHANGES ARE NECESSARY.

17 Major Findings:

18 a. Although insurance coverage for taxicabs is,
19 for the most part, unavailable in the voluntary
20 market, the Virginia Automobile Insurance Plan
21 (assigned risk) provides such coverage for 65.2
22 percent of the rate that would be charged in the
23 voluntary market if such coverage was available.

24 b. Taxicab drivers currently may form
25 self-insurance pools and establish their own risk
26 management programs such as defensive driver
27 training in attempts to reduce their insurance
28 costs.

1 c. The recommendations of the joint subcommittee
2 established pursuant to SJR 22 to study tort and
3 insurance reforms should have a favorable impact
4 on taxicabs.

5 d. Since local ordinances determine taxicab
6 licensure, the authority to establish such
7 requirements should be left to the localities.

8

9 REASONS FOR THE RECOMMENDATIONS

10

11 1. COMPULSORY MOTOR VEHICLE LIABILITY INSURANCE LAWS ARE NOT
12 IN THE BEST INTEREST OF THE COMMONWEALTH.

13

14 In making this determination the joint subcommittee
15 examined: (a) Virginia's experience with uninsured
16 motorists including the administration of the Uninsured
17 Motorist Fund and the Department of Motor Vehicle's attempts
18 to track down uninsured motorists, and (b) the experience of
19 other states that have compulsory laws. Their findings,
20 including supporting data, follow.

21

22 A. Virginia's experience

23 1. Uninsured Motorist Fund

24 The joint subcommittee found that Virginia, with its
25 financial responsibility and uninsured motorist provisions,
26 has been more successful than most states with compulsory
27 insurance laws in protecting its citizens from problems
28 caused by uninsured motorists. They learned that

1 approximately 6.5 percent of the total number of motor
2 vehicles registered in the state are uninsured (DMV
3 estimate) and, unofficially, Virginia ranks in the top four
4 of all the states in the nation in terms of the number of
5 insured motor vehicles on the road.

6 DMV testified before the subcommittee that when
7 Virginia residents register their motor vehicles with DMV
8 they must indicate on the application forms whether the
9 vehicle is insured or uninsured. If the vehicle is
10 uninsured the motorist must pay a \$300 uninsured motorist
11 fee yet the payment of the fee provides no protection for
12 the motorist. The uninsured motorist fees collected by the
13 Department are placed in a special fund, part of which is
14 used by DMV for the administration of the fund and the
15 remainder of which is sent to the State Corporation
16 Commission for distribution to insurance companies
17 registered in the Commonwealth and writing bodily injury and
18 property damage liability insurance to reduce the costs of
19 uninsured motorist coverage. The Bureau of Insurance
20 indicated that the fees collected reduce uninsured motorist
21 premiums by \$1 and that uninsured motorist coverage is
22 available at the very low cost of \$16.00 for the first
23 vehicle on the policy and \$14.00 for each additional
24 vehicle.

25 The joint subcommittee learned that, according to the
26 Office of the Fiscal Director, DMV collected \$3,823,790.31
27 in uninsured motorist fees in fiscal year 1984-85 and that,
28 during that year 17,335 motorists paid the uninsured

1 motorist fee. The subcommittee also learned that for any
2 given year there is no direct correlation between the number
3 of individuals who paid the fee and the revenues collected
4 for the following reasons: 1 - not all of those who are
5 found by DMV through its insurance monitoring programs
6 comply with the suspension orders - some ignore them and
7 continue to drive while others choose not to drive; 2 -
8 there is some time lag in complying with the suspension
9 orders; and 3 - in fiscal year 1984-85, the uninsured
10 motorist fee increased from \$200 to \$300 therefore those who
11 complied early in the year paid \$200 whereas those who
12 complied at a later date paid \$300.

13 Of the \$3.8 million collected by DMV in fiscal year
14 1984-85, \$77,908.33 was refunded because, after hearings, it
15 was determined that some motorists did not owe the fees, and
16 \$1,791,000 was appropriated to DMV for the administration of
17 the Fund. The remaining \$1,954,881.98 was available for
18 distribution to insurance companies during fiscal year
19 1985-1986. DMV indicated that it has 121 persons working in
20 its Financial Responsibility Division which is responsible
21 for the administration of the Uninsured Motorist Fund.

22

23 2. Insurance Monitoring Programs

24 The joint subcommittee found that the Department of
25 Motor Vehicles has several insurance monitoring programs
26 which have been successful in locating uninsured motorists.
27 As mentioned earlier, they learned that during fiscal year
28 1984-85, 17,335 motorists paid the uninsured motorist fee,

1 yet only 3,715 paid at the time of registration. The
2 remainder paid at a later date after being found by DMV
3 through its insurance monitoring programs.

4 DMV informed the subcommittee that it has recently
5 begun a new insurance verification program which involves
6 the mailing of notices at the time of registration renewal
7 to motorists randomly selected by a computer to be filled
8 out with insurance information. It was explained that when
9 motorists do not respond to the first notice, a second
10 notice is sent to them and that, after an adequate amount of
11 time and notice, if the motorist fails to respond, his
12 registration will be suspended. Information supplied by the
13 motorists will then be verified with the insurance
14 companies. DMV testified that as of the middle of
15 September, 40,000 notices had been sent out (averaging
16 1,100/day) and of those 40,000, 360 respondents admitted
17 that they did not have insurance. They, thus far, have only
18 had to send out 3,000 second notices, indicating a response
19 rate of over 90 percent. DMV indicated that the program has
20 not been in effect long enough to determine how many
21 individuals who indicated that they had insurance actually
22 did not. They indicated that, overall, they have had good
23 experience with this new program and have received a number
24 of positive comments from citizens regarding it. Although
25 they have had to work out a few minor problems with the
26 program, because of the good response regarding it, they are
27 considering expanding it to times other than registration.
28 The implementation of this new program has resulted in an

1 increase in the number of suspensions and revenues resulting
2 therefrom.

3 Other insurance verification programs used by DMV
4 including the following were explained to the joint
5 subcommittee:

6 (1) - The issuance of notices by police after they
7 have stopped motorists for traffic violations
8 or road checks.

9 DMV testified that this has been highly successful
10 in the number of suspension orders issued this year as
11 6,500 first notices resulted in 1,300 suspension
12 orders. They pointed out that the police do not issue
13 notices to everyone they stop, only to those who they
14 suspect do not have insurance.

15 (2) - Police accident reports, which are forwarded to
16 DMV where action is taken to verify the insurance
17 information.

18 DMV indicated that this year 1,000 notices have
19 been sent out which have resulted in 366 suspension
20 orders. Once again they pointed out that the police do
21 not issue notices to everyone involved in an accident,
22 only those they suspect do not have insurance.

23 (3) - Conviction program.

24 DMV testified that they look at the pattern of
25 driver offenses and when the offenses reach a certain
26 level, they send out a notice for verification of
27 insurance. So far this year, approximately 300 notices
28 have been sent out which have resulted in twenty

1 suspensions.

2

3 DMV explained that the law used to provide that motor
4 vehicle registrants had to indicate on the registration
5 forms their insurance companies and policy numbers yet the
6 additional information requirement was not very successful
7 in discouraging those who would normally lie about having
8 insurance from lying about their insurance company and
9 policy number. Since most motorists did not know this
10 information off hand and since the information was never
11 verified by DMV, the law was repealed.

12 The joint subcommittee learned that for fifteen years
13 insurance companies were required by law to notify DMV of
14 the cancellation of insurance within six months of such
15 cancellation yet this law was repealed July 1, 1986. DMV
16 testified that they found that much of this activity was
17 fruitless as most people secure insurance from another
18 insurance company after cancelling it and that they were
19 overwhelmed with the paperwork. They found that, in
20 general, uninsured motorists are not those who have
21 cancelled their insurance coverage but those who never had
22 it in the first place. Since all of DMV's efforts resulted
23 in the finding of only two percent of the uninsured they
24 replaced this with the new computer insurance verification
25 program.

26 The joint subcommittee discussed the feasibility of
27 having DMV's computer tied into the computers of insurance
28 companies so as to have immediate notification of insurance

1 cancellations. It was explained that most insurers'
2 computers are not as sophisticated as DMV's and that many do
3 not have them. Currently sixteen insurers have on-line
4 access to DMV's files and are charged \$2.00 for each inquiry
5 and those who do not have on-line access pay \$3.00 for each
6 inquiry. One of the subcommittee members questioned the
7 appropriateness of a state agency having access to a private
8 company's files. It was determined that this type of
9 link-up might be feasible some time in the future.

10

11 B. Experience in other states.

12 As mentioned earlier, Virginia has been more successful
13 in protecting its citizens from the problems caused by
14 uninsured motorists than most states with compulsory laws.

15 In studying compulsory laws the joint subcommittee
16 learned that:

17 1 - Thirty-four states and the District of Columbia
18 have compulsory motor vehicle liability insurance laws
19 which provide for penalties against those who fail to
20 maintain the required coverage, yet most have
21 difficulty enforcing the laws especially when drivers
22 (i) have not registered the vehicle or have not
23 obtained drivers' licenses, (ii) have allowed their
24 insurance to lapse, (iii) are new residents of the
25 state who are still registered in another state, or
26 (iv) are not residents of the state, or (v) have stolen
27 the vehicles.

28

1 2 - Compulsory insurance laws rarely reduce the level
2 of uninsured motorists beyond a few percentage points
3 thus leaving innocent drivers unprotected from
4 uninsured motorists who avoid the system. Those who
5 wish to avoid the system still may by purchasing
6 insurance prior to registration so as to have "proof"
7 and cancelling it immediately thereafter. This is
8 evidenced by (i) Florida's estimation that one-third of
9 its drivers do not have the coverage required by law,
10 and (ii) an estimated fifteen to twenty percent of the
11 drivers in New York and Pennsylvania remaining
12 uninsured. West Virginia recently enacted a compulsory
13 law which has resulted in considerably fewer of their
14 drivers being insured because no one will enforce the
15 law.

16

17 3 -The insurance industry's position on such laws is
18 that they have not achieved their intended purpose and
19 often have worked against the interests of motor
20 vehicle owners, taxpayers, insurance policyholders and
21 the general public.

22

23 4 - Compulsory insurance laws do not take into
24 consideration an individual's ability to pay as a
25 person may have to chose between purchasing insurance
26 (or paying the uninsured motorist fee) or feeding his
27 family.

28

1 5 - Such plans are expensive to operate. This is
2 illustrated by New York's spending \$4 million, North
3 Carolina's spending \$3.4 million, and Maryland's
4 spending \$1.5 million to administer and enforce such
5 plans. The costs are ultimately passed on to the
6 consumers.

7

8 2. THE GENERAL ASSEMBLY SHOULD PASS THE BILL RECOMMENDED BY
9 THE JOINT SUBCOMMITTEE THAT INCREASES THE PENALTIES FOR
10 DRIVING AN UNINSURED MOTOR VEHICLE WITHOUT HAVING PAID THE
11 UNINSURED MOTORIST FEE. THE BILL PROVIDES THAT WHEN CAUGHT
12 AN UNINSURED MOTORIST WHO HAS FAILED TO PAY THE FEE FOR THE
13 CURRENT YEAR SHALL BE REQUIRED TO PAY ANY FEES IN ARREARS
14 FOR THE THREE PRECEDING CALENDAR YEARS PLUS PENALTIES AND
15 INTEREST THEREON BEFORE HAVING HIS LICENSE REISSUED.

16

17 The joint subcommittee found that the current penalties
18 for operating an uninsured motor vehicle without having paid
19 the \$300 uninsured motorist fee are not sufficient to
20 discourage motorists from violating the law. DMV, however,
21 indicated that the current penalties are severe enough and
22 serve as good deterrents to driving uninsured and without
23 having paid the uninsured motorist fee.

24 DMV informed the subcommittee that any person who
25 operates an uninsured motor vehicle without first having
26 paid the uninsured motorist fee or who presents a false
27 certificate of insurance to DMV is guilty of a traffic
28 infraction which is punishable by a fine of up to \$500. The

1 drivers' license, registration certificate and license
2 plates of such person are suspended until the person pays
3 the uninsured motorist fee and files proof of financial
4 responsibility for the next three years. If the uninsured
5 motorist fee is not paid within fifteen days of notice, the
6 motorist is also charged a \$30 reinstatement fee.

7 DMV further testified that an uninsured motor vehicle
8 owner who has not paid the uninsured motorist fee and who is
9 involved in an accident, will have his drivers' license,
10 registration and license plates suspended until he has paid
11 the uninsured motorist fee, provided proof of financial
12 responsibility for the next three years, and satisfied any
13 judgments against him resulting from the accident. In
14 addition, any motorist who has had his license, etc.
15 suspended may not have another car registered under his name
16 until his drivers' license has been reinstated.

17 The joint subcommittee decided that the penalties
18 should be increased so as to discourage motorists from
19 driving uninsured and without having paid the uninsured
20 motorist fee. They recommended that, when caught, an
21 uninsured motorist who has failed to pay the uninsured
22 motorist fee for the current year should be required to pay
23 (i) any fees in arrears for the three preceding calendar
24 years; (ii) a penalty of five percent of the fees unpaid for
25 that three-year period; and (iii) interest on the fees
26 unpaid for that three-year period.

27 A copy of this legislation which was to be introduced
28 by Delegate Morgan appears as Appendix 1 to this report.

1

2 3. THE GENERAL ASSEMBLY SHOULD PASS THE BILL
3 RECOMMENDED BY THE JOINT SUBCOMMITTEE THAT GIVES PEOPLE
4 WHO DO NOT OWN MOTOR VEHICLES AND THUS DO NOT HAVE
5 MOTOR VEHICLE INSURANCE THE RIGHT, WHEN INJURED BY AN
6 UNINSURED DRIVER, TO FILE A CLAIM AND BRING SUIT TO
7 RECOVER DAMAGES AND MEDICAL EXPENSES AGAINST THE
8 DRIVER. THE BILL PROVIDES THAT MOTOR VEHICLE LIABILITY
9 INSURANCE CARRIERS, ON A ROTATIONAL BASIS, SHALL BE
10 ASSIGNED TO DEFEND THE DRIVER AND PAY ANY JUDGMENTS UP
11 TO \$25,000 AND SHALL BE REIMBURSED FROM THE UNINSURED
12 MOTORIST FUND IF THE INJURED PARTY PREVAILS IN THE
13 SUIT.

14

15 The joint subcommittee found that there are pedestrians
16 in this Commonwealth who do not own motor vehicles and thus
17 do not have no automobile insurance who are afforded no
18 protections under the uninsured motorist laws. They were
19 concerned about those who are hit by uninsured motorists not
20 having any means of recovering the damages and medical
21 expenses resulting from the injury. The Bureau of Insurance
22 indicated that although uninsured motorist coverage may be
23 purchased by persons who wish to be protected against bodily
24 injury and property damage caused by uninsured motorists for
25 \$18/year for 25/50/10 limits, most people are not aware of
26 this and that some insurance companies do not provide it
27 since it is not mandated by law. Companies which are
28 members of the Insurance Services Office, however, do make

1 such coverage available. The Bureau indicated, however,
2 that information regarding this type of insurance is not
3 included in a general insurance information booklet
4 published by them.

5 The joint subcommittee discussed possible solutions to
6 the problem and determined that legislation recommended by
7 Delegate Cohen should be passed to give those pedestrians
8 who do not own a car and thus do not have automobile
9 insurance, who are injured or killed by an uninsured driver
10 the right to file a claim and bring suit to recover damages,
11 medical and hospital expenses, and costs incidental to the
12 accident up to \$25,000 against the uninsured driver. The
13 legislation provides that insurance carriers writing motor
14 vehicle liability insurance in the Commonwealth should be
15 assigned, on a rotational basis, to defend the uninsured
16 driver and pay any judgments rendered up to \$25,000 and that
17 the insurance carriers would then be reimbursed, if the
18 injured person prevails, from the uninsured motorist fund
19 for the loss plus any expenses incurred in the suits and
20 which were not recovered from the uninsured driver. A copy
21 of this bill which was to be introduced by Delegate Cohen
22 appears as Appendix 2 to this report.

23

24 4. THE GENERAL ASSEMBLY SHOULD PASS THE RESOLUTION
25 RECOMMENDED BY THE JOINT SUBCOMMITTEE THAT REQUESTS THE
26 DEPARTMENT OF MOTOR VEHICLES TO REPORT ANNUALLY TO THEM
27 REGARDING THE UNINSURED MOTORIST SITUATION IN VIRGINIA,
28 THEIR ATTEMPTS TO IMPROVE IT, AND THEIR EFFORTS TO

1 INFORM THE PUBLIC REGARDING THE UNINSURED MOTORIST
2 PROVISIONS.

3

4 The joint subcommittee felt that it is in the public
5 interest that the General Assembly should be informed as to
6 the Department of Motor Vehicles' efforts to reduce, through
7 their insurance monitoring programs, the number of uninsured
8 motorists who have not paid the uninsured motorist fees. As
9 explained earlier, their programs have been successful in
10 locating uninsured motorists.

11 The joint subcommittee was concerned that many people
12 who are paying the \$300 uninsured motorist fee believe that
13 they are covered by some type of "state insurance" and thus
14 are not aware that their personal assets could be taken to
15 satisfy judgments resulting from accidents they cause.
16 Testimony revealed that an employee of DMV, when asked about
17 the \$300 fee, said that it was for "state insurance". The
18 Department of Motor Vehicles indicated that motor vehicle
19 registration application forms clearly indicate that the
20 payment of the fee does not provide insurance coverage and
21 that they are in the process of preparing a brochure
22 regarding the uninsured motorist provisions that may be
23 distributed with registration application, through insurance
24 companies or at branch offices.

25 The subcommittee, however, felt that DMV should
26 continue to seek ways of educating the public, through
27 public service announcements, etc., about the uninsured
28 motorist provisions and that the General Assembly should be

1 informed as to the educational methods used. A copy of the
2 resolution requesting DMV to report annually to the General
3 Assembly appears as Appendix 3 to this report.

4

5 5. THE TAXICAB INDUSTRY CURRENTLY HAS AVAILABLE TO IT MEANS
6 OF EFFECTIVELY DEALING WITH ITS OWN PROBLEMS THEREFORE NO
7 LEGISLATIVE CHANGES ARE NEEDED.

8

9 In making this determination the joint subcommittee
10 examined the current taxicab situation in Virginia and how
11 the Virginia Automobile Insurance Plan (assigned risk)
12 operates, and considered the concerns and recommendations
13 presented to them by taxicab drivers. Their findings
14 supporting their recommendations, follow.

15

16 A. Current Taxicab Situation

17 After examining the current taxicab situation and the
18 assigned risk plan, the joint subcommittee found that
19 although insurance coverage for taxicabs is for the most
20 part unavailable in the voluntary market, the Virginia
21 Automobile Insurance Plan (assigned risk) provides such
22 coverage for 65.2 percent of the rate that would be charged
23 in the voluntary market if such coverage was available.

24 The joint subcommittee learned that taxicabs, trucks
25 and busses are required by law to have insurance and that
26 the majority of taxicab owners in Virginia are unable to
27 obtain insurance coverage in the voluntary market and thus
28 must resort to the assigned risk plan for coverage.

1 Testimony revealed that one hundred percent of the drivers
2 in Alexandria and fifty percent of those in Arlington are in
3 the assigned risk plan (the geographic areas differ so
4 because of the makeup of the industry). Insurance companies
5 in the voluntary market avoid this type of coverage because
6 of the extremely high risk of exposure that taxicabs
7 present.

8 It was pointed out to the subcommittee that since
9 Virginia is under a competitive rating system, insurance
10 companies may file and use whatever rules and rates they
11 desire. They, therefore, do not have to offer taxicab
12 insurance. Those insurers that, on occasion, write taxicab
13 liability insurance, generally charge rates in excess of
14 those charged by the VAIP since many do not have data upon
15 which to accurately predict future rates and therefore must
16 include in their rates factors for uncertainty. Some
17 companies belong to ISO (Insurance Services Office), a
18 rating organization that files rates on their behalf because
19 it has the statistical data to accurately determine rates.

20

21 B. Virginia Automobile Insurance Plan

22 The Bureau of Insurance provided the following
23 information regarding the VAIP to the joint subcommittee.
24 The assigned risk plan was established to provide a market
25 for those risks which most insurance companies will not
26 assume for any price. Virginia law requires prior approval
27 of the rates and rules used in the VAIP by the State
28 Corporation Commission to ensure that rates are not

1 excessive, inadequate or unfairly discriminatory. Since the
2 majority of all taxicabs are written under the VAIP plan, it
3 has the statistical data available so that an uncertainty
4 factor is not used in determining their rates like it is for
5 insurers in the voluntary market . Insurance for commercial
6 vehicles, including taxicabs, is based on the use of the
7 vehicle and not the individual driving records of the
8 operators as it is in the case of private passenger
9 vehicles, since most commercial vehicles are driven by a
10 number of operators. As mentioned earlier, the VAIP
11 currently charges 65.2 percent of what the voluntary market
12 would charge for taxicab insurance if such insurance was
13 offered.

14 The VAIP provides for the sharing among subscribers of
15 losses, expenses and premiums associated with the risks.
16 Currently there are three designated Commercial and
17 Automobile Insurance Procedure servicing carriers which are
18 the only insurers writing taxicab insurance coverage under
19 the plan. These include: American Casualty Company of
20 Reading, Pennsylvania (CNA), Liberty Mutual Insurance
21 Company, and the Travelers Indemnity Company. Applications
22 for coverage are assigned to these so that each receives
23 "equal portion" of the total premium for "all other" risks
24 assigned. All other commercial automobile insurance
25 companies pay into the plan a prescribed fee based on the
26 volume of business written and losses are shared by all on a
27 proportionate basis at the end of the year.

28 The Plan uses several rating factors in determining

1 rates for taxicabs including:

- 2 1. territory;
- 3 2. fleet or non-fleet (there is no difference in these
- 4 rates for taxis);
- 5 3. radius class (local-up to 50 miles, intermediate
- 6 - 51-200, long distance - over 200);
- 7 4. base rate; and
- 8 5. increased limits (over \$60,000).

9 Taxicab owners are required by the Commission to carry
10 single limits of \$60,000 unless higher limits are required
11 by local ordinances such as Alexandria's which requires that
12 they carry 100/300 limits.

13 Owner-operated taxis (those where there is only one
14 taxi which is operated by the named insured) receive a
15 twenty-five percent discount on their insurance written
16 under the Plan. This discount was suggested several years
17 ago by the Bureau of Insurance to give relief to those who
18 own and operate their own taxis. Although they had no
19 statistical data to support this discount, they felt that
20 the logic of it - that the taxi will be operated fewer hours
21 and the owner will be more protective of it and operate it
22 more carefully - appears reasonable. Virginia is the only
23 state in the nation that provides this discount.

24 The Plan also contains an Experience Rating Plan which
25 is mandatory for owners of five or more taxicabs. Under
26 this, the loss of experience of risk is utilized in
27 calculating an "Experience Modification" which is applied to
28 the premium for the risk which will either increase or

1 decrease such premium based upon the loss experience.

2 A representative of the Automobile Insurance Plan
3 Service Office (AIPSO) which is responsible for the
4 administration of the assigned risk plan testified that the
5 rates under the assigned risk plan have increased fifty to
6 sixty percent in the last two years but still are 65.2
7 percent of what they would be in the voluntary market. The
8 last increase, effective April 1, 1985, was twenty-six
9 percent and the one prior to that, effective January 1,
10 1984, was thirty-three percent. Attached as Appendix 4 is a
11 chart illustrating the increases for the different
12 territories from November, 1981, to the present. The Bureau
13 of Insurance indicated during one of the meetings that the
14 rate increase have been justified and that it is not
15 uncommon for rates to go up as practically everyone's has
16 recently.

17

18 C. Concerns and Recommendations of the Taxicab Industry

19 The substantial increase in taxicab rates was one of
20 the primary concerns of taxicab drivers testifying before
21 the joint subcommittee. They were also concerned about the
22 methods used to determine their rates, how they can control
23 their rates, and the lack of communication between them and
24 insurers.

25 The taxicab drivers testified that they are slowly
26 being pushed out of the business because of the high
27 operating and insurance costs. All indicated that their
28 insurance premiums have increased exorbitantly despite their

1 good records. The testimony revealed that the gross income
2 of the average taxicab driver averaged \$20,000/yr. yet it
3 was pointed out that this did not include tips which could
4 be substantial and that, unlike most businesses, taxicab
5 drivers are unable to raise their fares to cover increased
6 operating and insurance costs because such fares are
7 regulated by the ordinance of the county or city within
8 which they operate. Fifty percent of the taxicabs in the
9 nation have gone out of business in the last five years
10 because of high operating costs. The following are examples
11 of the rates and rate changes of some of the drivers:

12 1. A northern Virginia owner/driver experienced a
13 premium increase of 124 percent between 1981 and 1985
14 despite his 25 percent discount.

15 2. An Arlington driver paid \$1300/cab in 1984 and
16 \$2344/cab in 1985.

17 3. A Northern Virginia driver, in 1984, paid \$1200/cab
18 (including collision coverage) and, in 1985, paid
19 \$2300/cab (excluding collision coverage).

20 4. A Northern Virginia driver's rates have gone up in
21 the same proportion as other Northern Virginia drivers
22 yet his insurance company has had to pay out only
23 \$176.00 in 15 years.

24 5. A Northern Virginia driver who used to pay \$250/year
25 for liability insurance and now pays \$3,400 for full
26 coverage under the VAIP despite the fact that he has
27 had no accidents.

28 The representative from the AIPSO explained that for

1 the \$60,000 single limits insurance coverage required by the
 2 state, a driver in Alexandria would have to pay \$1,889
 3 (\$1,417 if an owner/driver) under the assigned risk program.
 4 He provided the following comparison of rates in other
 5 states with Virginia's to the joint subcommittee.

6	<u>City</u>	<u>Annual Premium (per cab)</u>
7	Philadelphia	\$10,300
8	Pittsburgh	3,931
9	Cincinnati	3,251
10	Cleveland	4,252
11	Charleston, W.Va.	2,542
12	Atlanta	4,078
13	Alexandria	1,889

14 It was explained further that in all other
 15 jurisdictions if a driver is at fault in an accident or has
 16 a moving traffic violation, he will pay twenty-five to fifty
 17 percent more and that although Yellow Cab of Philadelphia,
 18 the largest cab company in the country, is experience-rated,
 19 it pays over \$10,000/cab/year in insurance premiums.
 20 Regardless of their driving records or experience, all
 21 Virginia taxicab drivers in the same territory pay the same
 22 and are treated the same because their rating classification
 23 is based on risk exposure. Many drivers testified that the
 24 placement of all drivers in the same category regardless of
 25 their driving records is unfair as those with good records
 26 must pay the same rate as those who do not.

27 The AIPSO representative addressed the taxicab drivers
 28 concerns that rates are not being based on actual claims

1 basis but on an arbitrary basis by explaining that insurers
2 use sixty-three months of loss experience/development
3 history and, when they make liability insurance filings with
4 the Bureau they supply them with ten years loss experience
5 with the last five years being used in the filings. For
6 property damage they use thirty-nine months of loss
7 experience as a twenty year study showed that 99.4 percent
8 of property damage claims are settled within this time
9 period. As mentioned earlier, the Bureau of Insurance
10 indicated that all rate increases in the VAIP have been
11 justified.

12 Owners of taxicab fleets also presented their problems
13 to the joint subcommittee. A representative of Yellow Cab
14 of Norfolk testified that between 1981 and 1985 they
15 experienced a 500 percent increase in rates yet the
16 insurance company had to pay out nowhere near that. He
17 indicated that they paid Allied Fidelity \$1,200/cab/year yet
18 they had a \$25,000 deductible and now pay \$3,800/cab/year
19 under the assigned risk plan for first dollar coverage.
20 Most of their losses have been under \$1,000. Their insurer
21 has not had to pay out more than \$30,000 this year and, in
22 the last twenty years their worst claim was only \$140,000.

23 A fleet-owner from Northern Virginia with 450-500 cabs
24 who self-insures for the first \$50,000 testified that he
25 currently has excess insurance with Allied Fidelity and pays
26 \$2,500/cab/year. In the last five years their insurer has
27 paid out \$250,000 in claims which, for 500 cabs is very
28 little and the highest claim ever paid was for \$75,000. A

1 fleet-owner from Prince William County who, under the
2 assigned risk plan pays \$7,100/year for five cabs, testified
3 that he was informed by his insurance agent that it was not
4 feasible for him to self-insure unless his premiums exceeded
5 \$50,000. He indicated that his largest claim was \$3,378 and
6 that his loss experience is thirty-five percent meaning that
7 his insurer paid out only 35¢ per \$1.00 of premiums
8 collected.

9 The AIPSO representative testified that under the
10 assigned risk plan, those with five or more cabs are
11 experience-rated. It, therefore, is to fleet-owners'
12 advantage for their drivers to have clear driving records.
13 It is also to the advantage of those who self-insure for the
14 first \$25,000 or \$50,000 of a claim and who obtain excess
15 insurance in the voluntary market to have good experience.
16 Several fleet owners indicated that they screen their
17 drivers, require DMV records for the last three years and
18 require that they attend and pass a defensive driving
19 school, when it is economically advantageous in terms of
20 lower premiums for them to require such training. It was
21 pointed out that large fleets that self-insure have more
22 incentives to do so yet small companies have no economic
23 incentive to require any training because they are going to
24 pay the same rate regardless of their drivers' records and
25 have no way to recoup the training costs. To qualify as a
26 self-insurer taxicab drivers must file a letter of credit
27 for \$125,000 with the State Corporation Commission.

28 Several taxicab drivers presented their solutions to

1 the industry's problem, most of which the joint subcommittee
2 determined could already be done by the industry. For
3 example, requests were made for having legislation drafted
4 to establish certain residential and driver training
5 requirements and to enable taxicab drivers to form
6 self-insurance pools. The joint subcommittee determined
7 that these are areas that can be addressed by the industry
8 on its own without the need of specific legislation. They
9 felt that taxicabs can establish pools or risk management
10 programs such as defensive driver training programs now if
11 they want to.

12 The taxicab drivers also requested that something be
13 done to open communications between taxicab drivers, the
14 assigned risk plan and insurers as they sometimes are not
15 aware that their drivers have been in accidents until a
16 bill, requesting additional premiums, arrives. The joint
17 subcommittee once again determined that a working
18 relationship between all parties involved could be
19 accomplished without legislation.

20 One of the taxicab drivers testifying before the joint
21 subcommittee indicated that when he was able to obtain
22 insurance in the voluntary market he had had an agreement
23 with his drivers and his insurance company that the drivers
24 would pay the first \$500 of a claim. Because of this
25 deductible, his drivers were much more careful and thus he
26 had in fewer claims. He suggested that taxicab drivers
27 should be given the option of having a deductible as it
28 would reduce their premiums. At first it was believed that

1 a deductible on liability insurance was not permitted by
2 Virginia law yet the Bureau of Insurance found that there is
3 a form which provides for a deductible on liability
4 insurance where the insurer is required to pay all of the
5 deductible amount to effect settlement of a claim, but the
6 named insured is required to reimburse the insurer for the
7 deductible amount. This does not conflict with the law
8 since the insurer is still ultimately responsible for the
9 full amount to effect the settlement of a claim. It puts
10 the insurer in a position to collect the deductible from the
11 insured and to underwrite not only the loss experience of
12 the taxicab drivers but their credit history as well.
13 Attached to this report as Appendix 5 are two pages from the
14 Insurance Service Office rules and rates manual which
15 governs the operation of the assigned risk plan that have to
16 do with deductibles for liability insurance.

17 Several taxicab drivers also recommended that tort
18 reforms such as caps on pain and suffering awards, the
19 abolishment of punitive damages in civil litigation, etc.
20 and insurance reforms such as rate roll-backs be considered
21 as they felt such reforms would help reduce their rates.
22 The joint subcommittee determined that, after reviewing the
23 major tort and insurance revisions made by Florida and
24 taking into consideration that tort and insurance reforms
25 are currently being contemplated by a joint subcommittee
26 established pursuant to Senate Joint Resolution No. 22, the
27 recommendation of the SJR 22 subcommittee should have a
28 favorable impact on insurance premiums.

1 The joint subcommittee heard a number of complaints
2 regarding the requirements of local ordinances for taxicabs
3 but felt that since taxicab licensure is the responsibility
4 of localities, the authority to set such requirements should
5 be left with the localities. It was pointed out that
6 Arlington requires taxicab drivers to purchase a new cab
7 every six years which creates additional financial burdens
8 on the drivers. It was also pointed out that Yellow Cab of
9 Richmond used to have 280 cabs yet now has twelve because of
10 an antiquated ordinance. The Virginia Taxicab Association
11 noted, however, that they are trying to help the City of
12 Richmond in updating its ordinance.

13

14

CONCLUSION

15

16 The joint subcommittee expresses its appreciation to
17 all parties who participated in this study. The group's -
18 recommendations have been made and offered only after
19 careful and thorough study of the issues. The subcommittee
20 believes that its recommendations are in the best interest
21 of the Commonwealth, and it encourages the General Assembly
22 to adopt its recommendations.

23

24 Respectfully submitted,

25

26 Gladys B. Keating

27 Frank W. Nolen

28 Bernard S. Cohen

- 1 William E. Fears
- 2 Harvey B. Morgan
- 3 Richard L. Saslaw
- 4 William T. Wilson

APPENDIX 1

2 SENATE BILL NO. HOUSE BILL NO.

3 A BILL to amend and reenact § 46.1-167.3 of the Code of
4 Virginia, relating to operating an uninsured motor
5 vehicle without paying the fee; penalties.

6

7 Be it enacted by the General Assembly of Virginia:

8 1. That § 46.1-167.3 of the Code of Virginia is amended and
9 reenacted as follows:

10 § 46.1-167.3. Operating uninsured motor vehicle without
11 payment of fee; furnishing certificate of insurance; false
12 evidence of insurance.--Any person owning an uninsured motor
13 vehicle (1) licensed in this Commonwealth, or (2) subject to
14 registration and license in this Commonwealth, or (3)
15 displaying temporary license plates provided for in §
16 46.1-121 who operates or permits the operation of such motor
17 vehicle without first having paid to the Commissioner the
18 required motor vehicle fee, to be disposed of as provided by
19 § 46.1-167.6, shall be guilty of a traffic infraction
20 punishable by a fine not to exceed \$500.

21 Any person who is the operator of such an uninsured
22 motor vehicle and not the titled owner, who knows that the
23 required fee has not been paid to the Commissioner, shall be
24 guilty of a traffic infraction punishable by a fine not to
25 exceed \$500.

26 The Commissioner, or his duly authorized agent, having

1 good reason to believe that a motor vehicle is operated or
2 has been operated on any specified date, may require the
3 owner of such motor vehicle to submit the certificate of
4 insurance provided for by § 46.1-167.1. The refusal or
5 neglect of the owner, who has not prior to the date of
6 operation paid the fee required by § 46.1-167.1 as to such
7 motor vehicle to furnish such certificate shall be prima
8 facie evidence that the motor vehicle was an uninsured motor
9 vehicle at the time of such operation.

10 Any person who presents or causes to be presented to
11 the Commissioner a false certificate that a motor vehicle is
12 an insured motor vehicle or false evidence that a motor
13 vehicle sought to be registered is an insured motor vehicle,
14 shall be guilty of a traffic infraction punishable by a fine
15 not to exceed \$500.

16 However, the foregoing portions of this section shall
17 not be applicable if it is established that such owner had
18 good cause to believe and did believe that such motor
19 vehicle was an insured motor vehicle, in which event the
20 provisions of § 46.1-59 shall be applicable.

21 Abstracts of records of conviction, as defined in this
22 title, of any violation of any of the provisions of this
23 section shall be forwarded to the Commissioner as prescribed
24 by § 46.1-413.

25 The Commissioner shall suspend the driver's license and
26 all registration certificates and license plates of any
27 titled owner of an uninsured motor vehicle upon receiving
28 record of his conviction of a violation of any provisions of

1 this section, and he shall not thereafter reissue the
2 driver's license and the registration certificates and
3 license plates issued in the name of such person until such
4 person ~~shall~~ pay has paid the fee applicable to the
5 registration of an uninsured motor vehicle as prescribed in
6 § 46.1-167.1 and ~~shall~~ have has furnished proof of future
7 financial responsibility as prescribed by Article 6 (§
8 46.1-467 et seq.) of Chapter 6 of this title. In addition,
9 the Commissioner shall require such person to pay: (i) any
10 fees applicable to the registration of an uninsured motor
11 vehicle as prescribed in § 46.1-167.1 which are in arrears
12 for the three calendar years preceding the year in which
13 such suspension occurred; (ii) a penalty of five percent of
14 the fees unpaid for that three-year period; and (iii)
15 interest on the fees unpaid for that three-year period at a
16 rate as prescribed in § 58.1-15, from one month after such
17 fees were originally due until paid. However, when three
18 years have elapsed from the date of the suspension herein
19 required, the Commissioner may relieve such person of the
20 requirement of furnishing proof of future financial
21 responsibility. When such suspension results from a
22 conviction for presenting or causing to be presented to the
23 Commissioner a false certificate as to whether a motor
24 vehicle is an insured motor vehicle or false evidence that
25 any motor vehicle sought to be registered is insured, then
26 the Commissioner shall not thereafter reissue the driver's
27 license and the registration certificates and license plates
28 issued in the name of such person so convicted for a period

1 of 180 days from the date of such order of suspension, and
2 only then when all other provisions of law have been
3 complied with by such person.

4 The Commissioner shall suspend the driver's license of
5 any person who is the operator but not the titled owner of a
6 motor vehicle upon receiving a record of his conviction of a
7 violation of any provisions of this section and he shall not
8 thereafter reissue the driver's license until thirty days
9 from the date of such order of suspension.

10

1 be assigned on a rotational basis to defend such suits. The
2 State Corporation Commission shall have the power to
3 promulgate rules and regulations to assure that the
4 assignment of such carriers is done in an orderly manner and
5 is fair and reasonable.

6 C. The provisions of § 38.2-2206, to the extent they
7 are not inconsistent with this section, shall apply to
8 claims brought hereunder.

9 D. If such injured person or the estate of such
10 deceased prevails in its suit, the carrier shall be
11 reimbursed annually from the fund for the loss plus expenses
12 incurred by virtue of these suits and which are not
13 recovered from the uninsured motorist.

14

APPENDIX 2

3 SENATE BILL NO. HOUSE BILL NO.

4 A BILL to amend the Code of Virginia by adding in Chapter 30
5 of Title 38.2 a section numbered 38.2-3002, relating to
6 the uninsured motorist fund.

7

8 Be it enacted by the General Assembly of Virginia:

9 1. That the Code of Virginia is amended by adding in
10 Chapter 30 of Title 38.2 a section numbered 38.2-3002 as
11 follows:

12 § 38.2-3002. Suits by uninsured persons.--A. Whenever
13 a person who does not own a motor vehicle and who is not
14 insured within the meaning of § 38.2-2206 is injured or
15 killed by the driver of an uninsured motor vehicle, that
16 person or his estate, as the case may be, shall have the
17 right to file a claim and bring suit to recover damages,
18 medical and hospital expenses, and costs incident to the
19 accident up to \$25,000 against the uninsured driver. A copy
20 of the suit papers shall be delivered to the State
21 Corporation Commission. An insurance carrier licensed to
22 write and writing motor vehicle liability insurance in this
23 Commonwealth shall be assigned to defend the uninsured
24 driver and pay any judgment rendered up to \$25,000, or to
25 compromise or settle any claim.

26 B. Insurance carriers licensed to write and writing
27 motor vehicle liability insurance in this Commonwealth shall

2 HOUSE JOINT RESOLUTION NO.....

3 Requesting the Department of Motor Vehicles to report
4 annually to the General Assembly on the uninsured
5 motorist situation in Virginia and the Department's
6 efforts to improve it.

7

8 WHEREAS, in recent years concern has increased over the
9 effectiveness of Virginia's motor vehicle liability
10 insurance laws in protecting its citizens from potential
11 losses and injury caused by uninsured motorists; and

12 WHEREAS, a joint subcommittee established pursuant to
13 House Joint Resolution No. 43 of the 1986 Session to study
14 this matter and the insurance rates for taxicabs was
15 concerned over the number of uninsured motorists on the road
16 who had not paid the \$300 uninsured motorist fee and the
17 fact that many people do not understand that the payment of
18 the fee does not provide them with any insurance coverage;
19 and

20 WHEREAS, the joint subcommittee found that the
21 Department of Motor Vehicles has several insurance
22 monitoring programs which have been successful in locating
23 uninsured motorists, the newest of which entails the mailing
24 of letters requesting insurance information to motorists
25 randomly selected by a computer; and

26 WHEREAS, this program has increased the number of
27 suspension orders and the revenues resulting therefrom; and

1 WHEREAS, although DMV indicated that it has prepared a
2 brochure explaining the uninsured motorist provisions and
3 the insurance monitoring programs, the joint subcommittee
4 feels that DMV should seek other means, such as public
5 service announcements, of informing the public that the
6 payment of the uninsured motorist fee does not provide
7 insurance coverage; and

8 WHEREAS, the joint subcommittee feels that it is in the
9 best interest of the citizens of this Commonwealth that the
10 General Assembly is informed about the Department of Motor
11 Vehicle's efforts to reduce the number of uninsured
12 motorists on the road and to educate the public regarding
13 the uninsured motorist provisions; now, therefore, be it

14 RESOLVED by the House of Delegates, the Senate
15 concerning, That the Department of Motor Vehicles is hereby
16 requested to report annually to the General Assembly certain
17 information regarding the uninsured motorist situation in
18 Virginia, the Department's efforts to improve the situation,
19 and its methods of educating the public regarding the
20 uninsured motorist provisions. The report shall include
21 information on the following and any other information the
22 Department deems appropriate:

23 1. The number of uninsured motorists who have
24 voluntarily paid the \$300 fee and who paid the fee only
25 after being found by DMV;

26 2. The total amount of uninsured motorist fees
27 collected, the amount appropriate to DMV for its
28 administrative expenses, and the net amount available for

1 distribution to insurance companies;

2 3. Its insurance monitoring programs, including the
3 results, costs, and any changes made in the programs; and

4 4. Its efforts to educate the public regarding the
5 uninsured motorist provisions.

6

APPENDIX 4

VIRGINIA AUTOMOBILE INSURANCE PLAN
TAXICAB PREMIUMS FOR MINIMUM LIMITS OF LIABILITY

Effective Dates	Territory 25	Territory 2	Territory 3	Territory 11
April 1, 1985 to Present	\$1,889	\$3,086	\$2,999	\$1,481
January 1, 1984 to March 31, 1985	\$1,454	\$2,376	\$2,309	\$1,140
November 1, 1981 to December 31, 1983	\$ 945	\$1,985	\$1,929	\$ 658
	100%	55%	55%	125%
	30%	30%	30%	30%
	54%	20%	20%	73%

Explanatory Notes:

1. Territory 25 includes Fairfax County and the City of Alexandria.
2. Territory 2 includes Norfolk and Virginia Beach.
3. Territory 3 includes Richmond and portions of Henrico County and Chesterfield County.
4. Territory 11 includes the City and County of Roanoke.
5. The minimum limits policy during the period 11/1/81 to 12/31/83 is a \$25,000/\$50,000/\$10,000 split limit policy. After 12/31/83 the minimum limits policy is a \$60,000 single limit policy.
6. The values shown outside of the brackets are percentage increases in premiums.



APPENDIX 5

CP 03 55
(Ed. 1-74)

This endorsement modifies such insurance as is afforded by the provisions of the policy relating to the following:

**COMPREHENSIVE AUTOMOBILE LIABILITY INSURANCE
BASIC AUTOMOBILE LIABILITY INSURANCE
GARAGE INSURANCE**

DEDUCTIBLE LIABILITY INSURANCE

Coverage	SCHEDULE Deductible Amount	Basis
Bodily Injury Liability*	\$	each claim
	\$	each occurrence
Property Damage Liability	\$	each occurrence

It is agreed that:

1. Under any coverage for which a deductible amount is designated in the schedule of this endorsement, the company shall be liable, up to the limit of liability stated in the policy, only for the amount of damages otherwise payable thereunder in excess of such deductible amount.
2. All the other terms of the policy shall apply as if the company were liable for such deductible amount.
3. The deductible amounts stated in the schedule apply as follows:
 - (a) PER CLAIM BASIS—If the deductible is on a "per claim" basis, the deductible amount applies under the Bodily Injury Liability Coverage to all damages because of bodily injury sustained by one person, as the result of any one occurrence.
 - (b) PER OCCURRENCE BASIS—If the deductible is on a "per occurrence" basis the deductible applies
 - (i) under the Bodily Injury Liability Coverage to all damages because of all bodily injury or
 - (ii) under the Property Damage Liability Coverage to all damages because of all property damage as a result of any one occurrence.
4. The company shall pay all of the deductible amount to effect settlement of any claim or suit, and upon notification of the action taken, the named insured shall promptly reimburse the company for the deductible amount which has been paid by the company.

This endorsement must be attached to the Change Endorsement when issued after the policy is written.

CP 03 55 (Ed. 1-74)



CP 03 56
(Ed. 1-74)

This endorsement modifies such insurance as is afforded by the provisions of the policy relating to the following:

**COMPREHENSIVE AUTOMOBILE LIABILITY INSURANCE
BASIC AUTOMOBILE LIABILITY INSURANCE**

**DISTRICT OF COLUMBIA EMPLOYEES
USING AUTOMOBILES IN GOVERNMENT BUSINESS**

It is agreed that the insurance does not apply to the following as insureds:

1. The District of Columbia or any of its Agencies.
2. Any person, including the named insured, with respect to bodily injury or property damage resulting from the operation of an automobile by such person as an employee of the District of Columbia while acting within the scope of his office or employment, if such person is relieved from liability because of the provisions of Public Law 86-654 (District of Columbia Employee Non-Liability Act), as amended.

This endorsement must be attached to the Change Endorsement when issued after the policy is written.

CP 03 56 (Ed. 1-74)

26. DEDUCTIBLE INSURANCE

© **A. Liability Coverages** (Class Code 9771). If liability is written on a deductible basis, the deductible applies to owned and non-owned coverage. The deductible amount applies to the loss portion of the claim and not the expenses incurred by the company.

1. Compute the premium by multiplying the full coverage \$25,000 bodily injury and property damage liability premium by the factor selected below:

Deductible amount	Factor
\$ 250	.92
500	.88
1,000	.83
2,500	.75
5,000	.69
10,000	.58
20,000	.47
25,000	.42

2. Example:

\$50,000 bodily injury and property damage liability limit with a \$250 deductible

- a. Premium for \$25,000 full coverage—\$80
- b. \$250 deductible factor—.92
- c. 25,000 limit with a \$250 deductible premium— $(\$80 \times .92) = \73.60
- d. Increased limit factor for \$50,000 limit — 1.24
- e. Increment factor over \$25,000 limit — .24
- f. Dollar increment amount — $(\$80 \times .24) = \19.20
- g. Premium for \$50,000 bodily injury and property damage liability with a \$250 deductible — $(\$73.60 \text{ plus } \$19.20) = \$92.80$
- h. For deductibles not shown, refer to company.

B. Physical damage coverages. For deductibles not shown on the state rate pages compute the premiums as follows:

1. Comprehensive deductibles

a. Private passenger types.

- (1) \$250 deductible (Coverage Code 055) — multiply the \$50 deductible comprehensive premium by .65.
- (2) \$500 deductible (Coverage Code 726) — multiply the \$50 deductible comprehensive premium by .55.
- (3) \$1,000 deductible (Coverage Code 727) — multiply the \$50 deductible comprehensive premium by .50.

b. All automobiles except private passenger types and zone rated risks.

- (1) \$50 deductible (Coverage Code 003) — multiply the full comprehensive rate by .70.
- (2) \$100 deductible (Coverage Code 010) — multiply the full comprehensive rate by .65.

(3) \$250 deductible (Coverage Code 055) — multiply the full comprehensive rate by .60.

(4) \$500 deductible (Coverage Code 726) — multiply the full comprehensive rate by .50.

(5) \$1000 deductible (Coverage Code 727) — multiply the full comprehensive rate by .45.

c. Heavy and extra-heavy trucks and truck-tractors, trailer types and public automobiles only.

\$2,000 deductible (Coverage Code 069) — multiply the full comprehensive rate by .40.

d. Extra-heavy trucks and truck-tractors only.

\$3,000 deductible (Coverage Code 069) — multiply the full comprehensive rate by .36.

e. Zone rated risks.

(1) Determine the \$4501-6000 full comprehensive rate for the same age group as the automobile being rated.

(2) Multiply that rate by the applicable factor for the deductible desired.

(3) Subtract the result from the full comprehensive rate for the original cost new and age group that applies to the automobile being rated.

(4) \$2,000 and \$3,000 deductibles do not apply to automobiles with an original cost new less than \$8,000.

Deductible Amount	Coverage Code	Factor
\$ 50	003	.125
100	010	.229
250	055	.353
500	726	.415
1,000	727	.481
2,000	069	.640
3,000	069	.748

2. Collision deductibles

a. Private passenger types.

(1) \$250 deductible (Coverage Code 076) — multiply the \$200 deductible collision premium by .90.

(2) \$500 deductible (Coverage Code 077) — multiply the \$200 deductible collision premium by .65.

(3) \$1,000 deductible (Coverage Code 078) — multiply the \$200 deductible collision premium by .50.

b. Heavy and extra-heavy trucks and truck-tractors, trailer types and public automobiles.

\$2,000 deductible (Coverage Code 099) — multiply the \$250 collision premium by .52.

c. Extra-heavy truck and truck-tractors.

\$3,000 deductible (Coverage Code 099) — multiply the \$250 deductible collision premium by .48.

d. All other types except zone rated risks.

