Discussion to Reduce the Number of Uninsured Motorists
A presentation by the Commissioner of Insurance

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Office of Montana Commissioner of Securities and Insurance
Revenue and Transportation Interim Committee
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Variation By State of Uninsured Motorists Percentage
Based on 2007 UM to BI Frequency Ratios

- Yellow: 20 – 30 percent
- Orange: 15 – 19 percent
- Green: 10 – 14 percent
- Blue: 0 – 9 percent
# IRC Estimated % Uninsured Motorists by State in 2007

**Nationwide 13.8%**

<table>
<thead>
<tr>
<th>State</th>
<th>Uninsured</th>
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<tbody>
<tr>
<td>New Mexico</td>
<td>29%</td>
<td>Montana</td>
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<td>Oklahoma</td>
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<td>Massachusetts</td>
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</table>
What Montana is currently doing to encourage drivers to purchase auto liability insurance…

Compulsory insurance laws

Penalties for driving uninsured

Insurance verification system
(SB 508- 2009 Session)
SB 508 – Establish Liability Insurance Tracking System — Sen. Brueggeman

• Creates an online motor vehicle liability insurance verification system

• Provides law enforcement access to the verification system

• Requires drivers to carry liability insurance to purchase or renew license plates

• Effective date: July 1, 2011
Options to reduce the number of uninsured drivers

1. Tougher laws
2. Low cost auto insurance program
3. No fault insurance
4. Pay at the pump
5. Pay by the mile
6. Economic hardship premium relief

** CSI does not endorse any of these options. This presentation is meant to discuss available opportunities in Montana.**
No Fault Insurance

First-party coverage.

Insurance policy pays damages, regardless of who was at fault. Drivers collect from their own policies.

May increase compliance with compulsory laws

May create an incentive for victims to inflate claims

New York has experienced increased costs
Pay at the pump

Essentially a gas tax to finance auto liability coverage or uninsured motorist coverage.

Forces purchase of liability insurance.

Would require setting up a collection and distribution system.

Rewards those who consume less fuel or have a more fuel efficient vehicle.

Rural drivers would likely pay more than urban drivers.
Pay by the mile

Premium payments would be based on a set mileage.

Encourages driving fewer miles.

High cost of tracking mileage with on-board device

Privacy concerns with on-board devices being able to track more than mileage.

Premiums are partially based on mileage and use of vehicle already.

Could make insurance more affordable for some.
CSI proposal to help consumers keep their current policy and make insurance more affordable

Amend “extraordinary event” provision of Credit Act

33-18-605. Use of credit information.
(2) (a) An insurer shall, on written request from an applicant or an insured, provide reasonable underwriting or rating exceptions for a consumer whose credit report has been directly affected by an extraordinary event.

(e) As used in this subsection (2), "extraordinary event" means:
(i) expenses related to a catastrophic injury or illness;
(ii) temporary loss of employment;
(iii) death of an immediate family member; or
(iv) theft of identity pursuant to 45-6-332.

1. Make extraordinary event provision more available to consumers.
Incentivize insurer to notify consumer on renewal

2. Expand “extraordinary event” to include:
• Divorce or interruption of alimony or support payments
• Military deployment overseas
• Other ideas
Consumer Hotline
1-800-332-6148

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