

AN ANALYSIS OF THE PROBLEM OF THE
UNINSURED MOTORIST IN OREGON

by

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The study undertaken in this paper would have been impossible without the support and assistance of many people. The objective of this study was to contribute to the understanding of the problem of the financially irresponsible motorist. It is felt that this objective has been reached.

The author hereby acknowledges his indebtedness to all persons who assisted in making this thesis possible, and expresses his deepest gratitude for their cooperation and his regrets that space considerations make it impracticable to mention all by name. Some rendered such valuable assistance that they deserve special recognition, Loren Kramer, Manager of the Financial Responsibility Division, Salem, Oregon, gave generously of his time and counsel and was particularly helpful in connection with data on the financially irresponsible motorist. Mr. W. A. Brooks of the Oregon Automobile Insurance Company, performed valuable services in suggesting sources of material on the uninsured motorist endorsement. The highest acknowledgment must go to Dr. Mark R. Greene, Associate Professor, University of Oregon, who offered generously of his time and counsel, and without whose faith this thesis would not have been written.

The views expressed in this paper are the authors and any criticism of these must remain the sole responsibility of the writer.

R. C. R.

PART I.

CHAPTER I
THE PROBLEM

Introduction to the Problem

This paper is probably the first academic attempt to define the problem of the uninsured motorist in Oregon. It represents a piece of research in an area where little has been done to determine the scope and depth of the problem.

The size of the problem is shown by the number of uninsured motorists involved in accidents, and the amount of damages incurred by individuals that become involved with uninsured motorists.

The objectives of this paper are to reveal:

1. How many uninsured motorists are not financially responsible.
2. The economic loss in terms of property damage exceeding \$50, and any personal injury, including lost earnings.
3. What appears to be the most productive approach to a solution for alleviating the problem in Oregon.

The limitations of the thesis are due to the limited resources of the author and of the state agencies which cooperated in making this study possible.

The economic loss referred to above is limited to the amount of property damage exceeding \$50. Since the amount of damages included in the economic loss should be reasonable and bear some relation to the actual amount of damages incurred, the measurement of the economic loss

was taken from the forms given to the claimant by the State and returned for evaluation of amount of damages sustained. It was assumed that if the individual was not compensated he would file the forms furnished by the State to aid him in recovering the amount of damages. In other words, the claimant would be expected to act as a prudent individual and take the steps necessary to assure settlement of the damages suffered. That he may not have done so will act as a limitation to this paper.

The statistical data presented are the result of an analysis of the available information with regard to the economic loss in the State of Oregon, for the one year only. No previous information has been compiled on this aspect of the problem. The obvious limitations imposed by such a small sample render any conclusion tentative.

This paper will be presented in four parts.

Part One analyzes the problem and reveals its scope and depth.

Part Two is a survey of attempts already made to solve the problem.

The author's analysis of what appears to be the most productive approach to a solution is contained in Part Three.

Part Four is a summary and conclusion.

The Problem

The problem of the uninsured motorist is inseparably linked with the automobile accident situation, in which there are two aspects. The first is the accident frequency and severity rate, and the second is the motorist who is not financially responsible, and is unable to pay for the damage involving others.

If automobile accidents could be eliminated, the problem of the uninsured motorist would also be eliminated. This paper will deal primarily with the second aspect of this problem, and not with the general accident situation. Various studies have been made in the past on the problem of the uninsured motorist. However, this report will attempt to explore the facets which will indicate the size and scope of this problem in Oregon. Once the extent of this problem is known perhaps an approach to a solution can be advanced.

One of the difficulties under which previous reports seem to have labored is the assumption that a social problem of the uninsured motorist exists.¹ These reports, assuming the problem did exist, concentrated their efforts on a solution. This thesis will attempt to define the problem of the uninsured motorist in Oregon, subject to the limitations discussed above. The data used in this thesis were taken from the files of the Department of Motor Vehicles, Financial Responsibility Division, Salem, Oregon.

The term "financially irresponsible motorist" when used in this report will mean a motorist who was uninsured at the time of an accident, and has had his driving privileges suspended for failure to comply with the provisions

¹See page 28 of this report for specific support of this statement.

of the financial responsibility statute. A brief summary of the financial responsibility law follows, so that the reader may better understand this concept.

Oregon has what is known as a safety financial responsibility law which requires the owner and operator of an uninsured motor vehicle involved in an accident resulting in any personal injury or property damage in excess of \$50, to post security in the amount of current accident damages until certain conditions are met or lose the right to all driving privileges. In Oregon, the uninsured motorist will lose all of his driving privileges if he is involved in any accident and does not also file evidence of future financial responsibility and maintain it for a five year period.

Proof of future financial responsibility may consist of the following:

1. A valid automobile liability policy covering bodily injury for \$5,000 to one person, \$10,000 in any one accident, and at least \$5,000 property damage.

2. Provide a \$15,000 bond out of which damages could be paid.

3. A certificate of the State Treasurer that such person has deposited with him \$15,000, in cash or securities approved by the State, to be used to pay damages.

4. Evidence of a valid certificate of self-insurance issued by the Department of Motor Vehicles.¹

In addition to giving evidence of future financial responsibility if property damage incurred by others exceeds \$50 or any personal injury occurs, the uninsured motorist must also deposit the amount of damages

¹Oregon, Motor Vehicle Laws, 1957-58, Sec. S.486.011-486.991.

already incurred, with the Financial Responsibility Division: or file a release signed by all parties, releasing him from all claims: or a notarized copy of a settlement agreement. The amount of deposit required shall not exceed \$5,000/\$10,000 bodily injury or \$2,000 property damage.

If the security provisions above are invoked driving privilege will be suspended until:

1. the security provisions are met and a deposit is made.
2. the expiration of two years following the date of the accident, and no court action has been initiated. If court action is initiated within a one year period, the suspension remains in force until the case at bar is settled.
3. any judgment secured against the uninsured motorist remains unsatisfied for a five year period.¹

Under the security provisions of the safety financial responsibility law, a maximum deposit of \$12,000 can be required of the uninsured motorist. This would be in addition to any deposit required to establish proof of future financial responsibility. The safety financial responsibility law will be taken up in greater detail in Part Two.

The term "financially irresponsible motorist" means an uninsured motorist who was unable to give proof of financial responsibility by any of the methods outlined above; i.e., was unable to meet the security requirements and make a deposit; was unable or unwilling to file a release or settlement agreement; and has had his driving privilege suspended.

¹Ibid.

A release is a statement signed by the damaged parties indicating that the uninsured motorist is relieved of all responsibility for the damages incurred. Settlement agreements indicate that the uninsured motorist is relieved of all liability providing he makes restitution to the damaged party according to the written agreement. These agreements usually provide that the uninsured motorist can pay the amount of damages claimed on an installment basis. Usually a promissory note supports the settlement agreement.

Number of Financially Irresponsible Motorists

The number of uninsured motorists involved in accidents is shown below in Table 1-A:

TABLE 1-A

SUMMARY OF UNINSURED AUTOMOBILES IN ACCIDENTS

1952	21,914
1953	36,627
1954	25,930
1955	27,680
1956	22,329
1957	10,095

Source: Department of Motor Vehicles, Salem, Oregon. See Appendix.

The number of uninsured automobiles involved in accidents was reduced by more than 50% from 1956 to 1957.

The number of uninsured motorists does not represent the number of financially irresponsible motorists in Oregon. Some of the uninsured

motorists are financially responsible in that they comply with the security requirements of the law and file evidence of future financial responsibility.

Table 1-B below shows the number of uninsured motorists who had their driving privileges suspended in Oregon for failure to comply with the security requirements of the law, or file evidence of future financial responsibility.

TABLE 1-B
NUMBER OF UNINSURED MOTORISTS IN OREGON INVOLVED IN ACCIDENTS
WHO WERE NOT FINANCIALLY RESPONSIBLE
1952-1957

	1952	1953	1954	1955	1956	1957
Motor Vehicle Registrations Suspended	13,355	11,407	12,748	12,384	17,144	14,897
Motor Vehicle Registrations Reinstated	6,141	4,663	5,091	6,153	10,542	11,515
Motor Vehicle Registrations Remaining Suspended	7,214	6,744	6,657	6,231	6,602	3,382
Total Number of Vehicles Involved in Accidents	117,140	128,466	100,537	121,183	128,001	108,001
Percent of Motorists In- volved in Accidents That do not Prove Financial Responsibility	6.2%	5.2%	6.6%	5.9%	5.9%	3.0%
Total of all Registered Vehicles	732,267	762,606	780,685	823,184	832,128	859,031
Percent of Total Vehicles Involved in Accidents	16.0%	16.8%	12.8%	14.7%	15.4%	12.5%

Source: Department of Motor Vehicles, Salem, Oregon. Also see Appendix, Summary of the Daily Record of the Department of Financial Responsibility.

From Table 1-B, it can be seen that the total number of uninsured motorists involved in accidents is decreasing, and so is the number of motorists who fail to prove that they are financially responsible.

In 1957 there were 3,382 motorists who could not prove financial responsibility for one reason or another. This amounted to 3.0% of motorists involved in accidents. The data presented is based on the assumption that if there was an automobile accident involving an uninsured motorist, the State Department of Motor Vehicles would suspend the driving privilege according to the Motor Vehicle Code if the motorist was not financially responsible. The possibility of an uninsured motorist who is not able to provide evidence of financial responsibility to go undetected and escape the requirements of the safety financial responsibility law is slight. This is because the department administering the act appears to do so effectively, fairly, and impartially. Of course, there is always the possibility that some individuals fail to report an accident, or the accidents are not made known to the authorities in some other way. However, it appears that these incidents constitute a very small portion of all accidents. For example, in 1956 there were only five suspensions for this reason, and in 1957 there were no suspensions for failure to report an accident, according to the department of motor vehicles records.

Table 1-B shows that motor vehicle registrations remaining suspended for lack of proof of financial responsibility are decreasing, with a corresponding decrease in percentage of vehicles involved in accidents whose owners do not prove to be financially responsible. This trend suggests that there are more motorists than ever before on the road that are financially responsible.

It is interesting to note that the probability of becoming involved with a person who is not financially responsible is small. In 1957 one automobile in eight, on the average, was involved in an accident. Of those automobiles which had an accident in 1957, the drivers of only three out of 100 could not prove to be financially responsible. If the probability of being involved with a motorist who is not financially responsible and legally liable could be calculated, the incidence rate would appear to be even smaller, because some of the damaged third parties would not be entitled to recovery. However, there is no way to readily calculate this incidence, because data are not kept which would reveal this probability without an extensive and time-consuming search of all the records, which would be a monumental task in itself. Estimates have been made in New York, Illinois, and California, which indicate that only one percent of those involved in accidents are not financially responsible and also legally liable.^{1,2} There is reason to believe that the true figure in Oregon is somewhere between one per cent and three per cent. It would be three per cent if all the uninsured motorists who are financially irresponsible were also legally liable to the damaged parties. This is possible, but not very probable, for there are no statistics which reveal that

¹California, Senate, Interim Committee on Vehicles and Aircraft. The Financially Irresponsible Motorist: The Senate of the State of California, 1955. p. 7.

²Allstate Insurance Co., "Compulsory Insurance", (Skokie, Illinois, 1956), p. 4.

financially irresponsible motorists are also more careless or accident prone than any other classification of motorists.

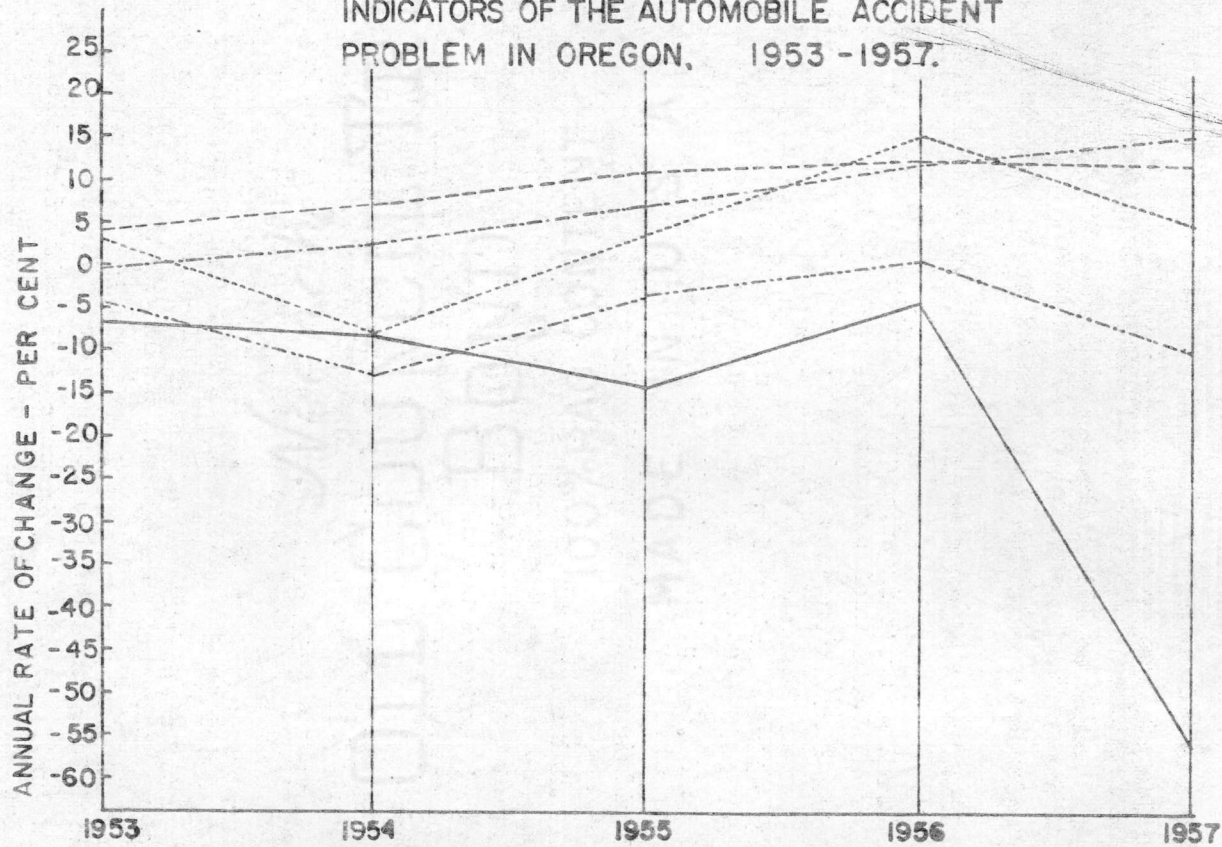
The scope of the problem and its trends can also be determined from the data presented in Graph 1-A. Graph 1-A shows the annual percentage of change in five important elements: motor vehicle registrations, motor vehicle miles traveled, accidents, injuries, and motorists not financially responsible. The reader can refer to Table 1-C for more information about any one of the elements in the graph.

Graph 1-A shows that the motorists who were not able to prove financial responsibility decreased 48.8% from 1956 to 1957. Table 1-C shows the numerical decline to be from 6,602 in 1956 to 3,382 in 1957.

The decrease in the number of financially irresponsible motorists is significant because motor vehicle registrations increased 3.2%, and injuries decreased only 3.1% in 1957. In 1955 injuries increased 11.4%, motor vehicle registrations increased 5.4%, and the number of motorists not financially responsible decreased 6.4%. However, in 1956, injuries increased 12.2%, and motorists who were not financially responsible increased 5.6%.

It appears that motorists not financially responsible are dropping at a faster rate than any of the other elements (some are actually increasing). Possible reasons for this include stricter enforcement of the statute against uninsured motorists and a higher degree of awareness of insurance among all motorists and their mounting desire to protect their assets against claims by others. Whatever the cause for the trend may be, it is encouraging to note that the problem appears to be diminishing.

GRAPH 1-A
 ANNUAL PERCENTAGE CHANGE IN SELECTED
 INDICATORS OF THE AUTOMOBILE ACCIDENT
 PROBLEM IN OREGON, 1953-1957.



Source: Department of Motor Vehicles,
 Salem, Oregon.

See Table 1-C for the numerical
 value of each element.

- Injuries
- Motor Vehicle Registrations
- . - . - Motor Vehicle miles traveled
- Accidents
- Motorists not Financially Responsible

TABLE 1-C

ANNUAL PERCENT CHANGE OF FIVE IMPORTANT ELEMENTS OF THE PROBLEM OF THE FINANCIALLY IRRESPONSIBLE MOTORIST

	1952	1953	% Change	1953	1954	% Change
Accidents	72,389	68,959	- 4.7	68,959	59,839	- 13.2
Injuries	15,122	15,562	+ 2.9	15,562	13,888	- 10.8
Motorists not F.R.	7,214	6,744	- 6.5	6,744	6,657	- 1.2
Motor Vehicle Registrations	732,627	762,606	+ 4.1	762,606	780,685	+ 1.8
Motor Vehicle Miles Traveled	6,619,172,501	6,600,105,718	- .1	6,600,105,178	6,751,972,270	+ 2.3

	1954	1955	% Change	1955	1956	% Change
Accidents	59,839	65,741	+ 9.9	65,741	68,299	+ 3.9
Injuries	13,888	15,422	+ 11.4	15,422	17,298	+ 12.2
Motorists not F.R.	6,657	6,231	- 6.4	6,231	6,602	+ 5.6
Motor Vehicle Registrations	780,685	823,184	+ 5.4	823,184	832,128	+ 1.1
Motor Vehicle Miles Traveled	6,751,972,270	7,006,797,556	+ 3.8	7,006,797,556	7,411,140,195	+ 5.8

Source: Department of Motor Vehicles, Salem, Oregon.

TABLE 1-C (continued)

ANNUAL PER CENT CHANGE OF FIVE IMPORTANT ELEMENTS OF THE
PROBLEM OF THE FINANCIALLY IRRESPONSIBLE MOTORIST

	1956	1957	% Change
Accidents	68,299	61,864	- 10.4
Injuries	17,298	16,395	- 3.1
Motorists not F.R.	6,602	3,382	- 48.8
Motor Vehicle Registrations	832,128	859,031	+ 3.2
Motor Vehicle Miles Traveled	7,411,140,195	7,383,613,460	- .4

There is a point at which an irreducible minimum will be reached, as far as the irresponsible motorist is concerned. This small hard core of individuals will ignore their responsibilities, and make it necessary for the balance of the population to bear the costs of their mistakes. Whatever method is used to alleviate this problem, it will be almost impossible to completely eliminate the motorist who is not financially responsible. There will always be the individual whose insurance has just expired, the hit and run driver, the stolen automobile driver, the out-of-state uninsured motorist, and the individual who drives even though his privileges are suspended.

Economic Financial Loss Involving the Uninsured,
Financially Irresponsible Motorist

The data presented in this part of the discussion comes from the actual case files of the Financial Responsibility Division. Each case was analyzed

which involved an uninsured motorist who did not meet the security requirements of the safety financial responsibility law. This is an excellent and reliable source, because every motorist who is suspended falls into the category of being financially irresponsible, and the damage to the other party has been evaluated by competent personnel who have considered the validity, accuracy, and varied ramifications of the claim.

A study was made of accidents involving the uninsured motorist in Oregon, which resulted in the suspension of these motorists privileges, to find out what happened after the suspension. The objectives of the study were the answers to such questions as: "How many cases continue where no action is taken by either party?" "Why?". If no action had been taken on the case, an attempt was made to classify the financially irresponsible motorist to determine why no action was taken. A survey of various cases indicated that the group in question appeared to develop certain patterns, which could be classified. The financially irresponsible motorists were therefore divided as follows:

1. Uninsured drivers from out-of-state.
2. Uninsured residents who had moved out-of-state, given incorrect addresses, left no forwarding address, or were otherwise unable to be located.
3. Minors who owned the vehicle involved.
4. The uninsured driver who ignored the suspension order and continued driving, and was convicted of such action, or else his accident and conviction record indicated him to be irresponsible.

5. Uninsured drivers indicated to be judgment proof by evidence in the file. In other words, the files appeared to indicate that the motorist in this class would probably be unable to satisfy a judgment, should one be levied against him.

6. Miscellaneous. No reason is available as to why no action was taken.

These classifications, while probably not exhaustive, were selected because the information to determine each class was available, and may be indicative as to why no action was taken on the case. For example, an out-of-state driver would lose little by having his Oregon driving privilege suspended, and would not have the incentive to make a deposit with the state or secure a release or settlement, as would a resident of the State of Oregon. The process of securing judgment against a resident of another state may be involved, slow, cumbersome, or expensive, and it is often impossible to satisfy such a judgment, once secured. When a minor is involved in an uninsured accident, it may prove difficult to secure a satisfied judgment due to a lack of resources on the part of the minor. If the parents can be shown to be legal agents an action at law can sometimes be maintained against them in such circumstances. The class labeled "unable to locate" speaks for itself, in that this is sufficient reason for no action having been taken. The class titled "irresponsible" is determined by accident and conviction records. If the individual classed as irresponsible does not obey the motor vehicle laws, he may also have little regard for the settlement of damages. This is supported by the fact that in all the cases classified as irresponsible on the basis of accident

and conviction records, none had made a deposit, obtained a release, or made a settlement.

The study covered suspension orders issued during the period September 1, 1957 through August 31, 1958. The cases studied numbered 1,130, which was the number of cases suspended because the uninsured motorist did not obtain a release or settlement from the damaged party, or deposit the dollar value of damages with the state. Below is a summary of the study.

TABLE 2-A

SUMMARY OF DAMAGES INVOLVING THE FINANCIALLY IRRESPONSIBLE MOTORIST

Total amount of evaluated damage involving cases where suspension orders were issued	\$363,579.07
Amount settled after suspension orders were issued	<u>75,586.27</u>
Amount on which no action was taken	\$287,992.80
Following is an analysis of the amount settled after suspension orders were issued:	
Releases	\$17,444.00
Settlements	41,198.62
Deposits	<u>16,943.65</u>
	\$75,586.27

Source: Records of The Motor Vehicle Department, Salem, Oregon.

The study revealed that \$363,579.07 was the amount of damage involving the uninsured motorists who ignored the requests for deposits, releases, or settlements. The uninsured motorist then had his driving privileges

and motor vehicle registration suspended. After suspension, follow-up action was taken by the Department of Motor Vehicles which resulted in \$75,586.27 of the original amount being deposited, released, or settled. This constitutes 20% of the original dollar amount. One out of every five dollars of damage was settled, released, or deposited with the State Treasury. Eighty per cent of the original amount suspended remained unsettled. This produces an economic monetary loss of \$287,992.80 involving the uninsured motorists for the period of the study.

Table 2-B below gives an analysis of the cases remaining suspended and unsettled on the basis of the classification system used.

TABLE 2-B
ANALYSIS OF 852 UNSETTLED CASES OF FINANCIALLY
IRRESPONSIBLE MOTORISTS IN OREGON
9/1/57 to 8/31/58

	No. of Cases	Dollar Value of Damages	% of Dollar Value
Out-of-State Financially Irresponsible Motorists	212	60,364.12	21.2
Financially Irresponsible Motorists that gave Wrong Addresses or could not be Located	226	66,884.89	23.2
Financially Irresponsible Minors	113	36,757.30	12.7
Uninsured Motorists who were Convicted of Driving on a Suspended License, and Whose Accident and Conviction Record made them Appear to be Irresponsible*	104	32,139.19	11.2
Financially Irresponsible Motorists who were Indigent, by Evidence in the File	12	4,300.50	1.5
Miscellaneous Unknown - File did not Reveal why no Action was Taken	185	87,546.80	30.4
TOTALS	852	\$287,992.80	100.0

*For analysis of Suspensions while Driving and Accident and Conviction Record, see Appendix, page 108.

From Table 2-B it can be seen that \$227,628.68 of damage was done involving the in-state driver and \$60,364.12 the out-of-state driver. The amount of loss involving out-of-state financially irresponsible motorists is therefore 21.0%, over one fifth, of the total losses involving financially irresponsible motorists.

The economic loss in Oregon involving financially irresponsible motorists is compared below with:

1. Personal income of Oregon residents for 1957.
2. Total insured loss in Oregon for 1956.
3. The loss per individual of the civilian working force for 1957.

Personal income was considered to be an important factor in the economic monetary loss, because the loss must be eventually paid from this source. Personal income in Oregon for 1957 was \$3,278,000,000.¹ The loss involving financially irresponsible motorists was \$287,992.80, or .009% of personal income of Oregon residents.

The civilian labor force will eventually pay for the largest part of the economic loss, as they are the ones who earn the bulk of the personal income in Oregon. In 1957 it was estimated that there were 697,800 persons in the civilian labor force in Oregon.² Evaluated damages involving the financially irresponsible motorist amounted to 41¢ per individual in the civilian labor force.

¹From records of the Bureau of Business Research, University of Oregon, Eugene, Oregon.

²Ibid.

Total insured motor vehicle losses covering bodily injury and property damage for 1956 were \$31,184,160 (1957 figures are not yet available).¹ The economic loss involving the financially irresponsible motorist is .09% of the insured bodily injury and property damage losses in 1956.

An analysis of the 852 unsettled cases on the basis of size is made in Table 2-D.

TABLE 2-C

COMPARATIVE ANALYSIS OF THE SIZE OF 852 UNSETTLED CLAIMS INVOLVING
THE FINANCIALLY IRRESPONSIBLE MOTORIST IN OREGON
SEPT. 1, 1957 TO AUGUST 31, 1958

Dollar Amount of Damages	\$0 to 250	\$251 to 500	\$501 to 1000	\$1001 and Over
Number of Cases	477	281	59	34
Percent of Cases	56%	33%	7%	4%

Source: Department of Motor Vehicles, Salem, Oregon.

Table 2-C reveals that 56% of the unsettled cases are under \$250, and that 4% or 28 cases are over \$1,000. It is significant to note that 89% of the cases in this study were not over \$500.

However, the individual involved in an accident with a financially irresponsible motorist may suffer a severe loss. What would be severe to one may not be severe to another. It would depend upon the individual's

¹Oregon, Forty-ninth Annual Report of the Insurance Commissioner, 1957.
p. 44.

financial condition and his station in life. For this reason, only the dollar amounts can be stated. The individual will have to be the one to decide whether the loss is a severe one to him. However, it can probably be said that a loss exceeding \$250 would be considered severe to most individuals. Some would consider a loss of \$50 severe, and others would ignore it.

Table 2-E shows the dollar value of property damage compared to the dollar value of personal injury damages which remains unsettled.

TABLE 2-D

COMPARATIVE ANALYSIS OF THE DOLLAR VALUE OF PROPERTY DAMAGE AND
PERSONAL INJURY DAMAGES WHICH REMAINED UNSETTLED IN 852 CASES
SEPTEMBER 1, 1957 TO AUGUST 31, 1958

	Amount	Percent
Motor Vehicle Damage	\$216,172.30	75
Property Damage Other Than Vehicles	8,647.37	3
Personal Injury	63,173.13	22
TOTAL	\$287,992.80	100

Source: Department of Motor Vehicles, Salem, Oregon.

It can be seen that the majority of damage involving financially irresponsible motorists is property damage, and that only 22% involves personal injury. Undoubtedly, some of the damages incurred by the individual were paid from their automobile collision coverage, or some other type of policy. In some of these cases, the insurance company could be subrogated to the claimants rights to recovery against the financially irresponsible motorist. The amount of recovery through insurance would

reduce the individual's loss, but would not reduce the total economic loss. Unfortunately, it would be an almost impossible task to estimate the amount of recovery to this class of individuals through insurance policies. It is mentioned here only to indicate that some individuals are prudent enough to insure their property against loss, including losses involving the financially irresponsible motorist.

Summary and Conclusion

It would appear that the economic loss involving financially irresponsible motorists is comparatively small. Some individuals will suffer a loss caused by motorists who are not in a position to pay for the damages. The probability of becoming involved with a financially irresponsible motorist who is legally liable for the damages is likewise small. Estimates indicate that the exposure may be as low as one motorist in 100 and as large as three motorists in 100 involved in accidents. The size of the problem is decreasing, which may be an indication of the effectiveness of the safety financial responsibility law.

The economic monetary loss is an extremely small part of personal income in Oregon, being .009%. Loss to the individual may be severe, but 56% of the losses which exceed \$50 are not more than \$250, and the prudent individual may protect his property against financial loss.

Oregon has over 90% of the vehicles involved in accidents insured, and about 3% of the motorists involved in accidents cannot prove financial responsibility.

Part Two will discuss the attempts that have been made in Oregon and in other jurisdictions to alleviate the problem of the financially irresponsible motorist.

PART II.

CHAPTER II

BACKGROUND OF ATTEMPTS TO SOLVE THE PROBLEM

A survey of attempts that have been offered to solve the problem of the financially irresponsible motorist will be made. It is not within the scope of this paper to come to a definite conclusion as to which of these plans is better. What may appear to be an effective solution in one area may not be particularly pertinent for another. A thorough analysis of the problem coupled with adequate data would be necessary before any judgment should be made as to which solution is best. The various plans will be discussed with the objective, that they may be able to throw a new light upon the problem of the financially irresponsible motorist. Two broad classifications of panaceas exist. These are the preventive and the alleviative solutions.

The preventive solutions take the form of preventing accidents in the first place by traffic safety, licensing requirements, drivers training and driver improvement programs. Preventive solutions are used primarily by the state governments. Most of these programs are general in nature and use a broad approach to the problem of the financially irresponsible motorist. Private industry may use this method also, but the scope of their activities is necessarily limited. Every state has a preventive type program, and methods are continuously being developed to make them more effective.

The alleviative solutions have as their objective the reduction of the number of motorists who are not financially responsible. Various attempts of this type have been made in every state of the United States and all of the provinces of Canada. They have ranged from simple financial responsibility laws to drastic departures from existing legal concepts. The insurance industry is more active in this area, by providing new and more complete insurance coverages which alleviate. So that the reader may be familiar with the various solutions, a brief description of each type of solution will be given here.

Financial responsibility laws generally provide that failure to satisfy a judgment for personal injury or property damage arising out of the operation of a motor vehicle shall result in loss of the driving privilege by the defendant together with the surrender of such person of registration for all motor vehicles registered in his name, until certain conditions are met. These acts also generally provide that upon the restoration of the driving and registration privilege, the person involved shall be required to furnish and maintain proof of financial responsibility in the future. This type of act was the first legislation passed regarding the financially irresponsible motorist.¹ The first Act was passed in 1923 in California.

Safety responsibility laws, or security-following-an-accident laws, usually require the motorist who has been involved in an accident causing

¹California, Senate Committee on Vehicles and Aircraft, 1955. p. 16.

personal injury or property damage in a stipulated amount, to post security until certain conditions are met or lose his driving privilege. In addition the motorist must furnish proof of future financial responsibility.

C. A. Kulp estimates that in 1942 less than three in ten motorists had automobile liability insurance.¹ Today in those states which have security type financial responsibility laws, it has been estimated that 90% of the motorists involved in motor vehicle accidents are insured.² This has been a significant trend in the problem of the uninsured motorist.

Unsatisfied judgment funds refer to an accumulation of money, usually by the state, and generally from taxes or registrations or licenses, and which fund is used for the purpose of paying unsatisfied judgments arising out of motor vehicle accidents. An example of this type of legislation can be found in North Dakota, New Jersey, and several Canadian Provinces.

Compensation plans, involving a departure from the present concept of the law of negligence, means a system of compulsory automobile insurance which imposes the rule of liability without fault upon all motorists. This plan provides for payment of benefits to persons injured as a result of a motor vehicle accident according to a schedule similar to that found in workmens' compensation laws. This type of plan has not been

¹Kulp, C. A., *Casualty Insurance*, (New York: The Ronald Press Co., 1942 Revised Edition) p. 210.

²Mertz, Arthur C., "The Uninsured Motorist", *The Journal of Insurance*, XXIV (September, 1957), p. 123.

enacted in any of the states of the United States but was introduced in the Province of Saskatchewan in 1947.

Compulsory automobile insurance is a plan in which the purchase of automobile liability insurance is a condition precedent to the registration of a motor vehicle. Massachusetts requires only bodily injury liability coverage. New York and North Carolina have enacted this type of legislation also.

Motor vehicle accident funds provide for payments of hospitals, doctors, nurses, pharmacies, and ambulance services, on behalf of those automobile accident victims who are considered to be "medically indigent." These acts impinge indirectly upon the problem of the financially irresponsible motorist. Such acts are in force in two states: Ohio and Oregon.

Impoundment acts are provisions which can be attached to any type of law whereby the uninsured vehicle is removed from the highway and impounded by the authorities until certain security measures are met by the party involved. Several Canadian provinces have impoundment statutes.

As a whole the private insurance industry has recognized the existence of the problem of the financially irresponsible motorist. While they have engaged in and supported preventive programs such as safety promotion and driver training, the bulk of their activities have been concentrated in the area of alleviative solutions to this problem.

CHAPTER III

FINANCIAL RESPONSIBILITY LAWS

The objective of financial responsibility laws are to require evidence of financial responsibility of motorists as they demonstrate their driving or financial irresponsibility and thus to increase the proportion of recoveries for automobile injuries. Financial responsibility laws rely upon the motorist to be insured through "voluntary" action. However, these statutes become compulsory after the individual has demonstrated his need for financial responsibility. The financial irresponsible motorist is faced with a system of compulsory insurance, under the financial responsibility laws. The statutes accept the weaknesses of the negligence system, and by so doing imply that established legal precedents are applicable to motor vehicle accidents.¹ The recognition of this concept is necessary to properly understand the objectives of the financial responsibility statutes. These laws are in force in all the states of the United States. Table 4A-1 and Table 4A-2 shows the variations in financial responsibility statutes from state to state.

As Table 4A-1 and Table 4A-2 indicate, Oregon is one of the eight states which has a safety financial responsibility type law, which requires

¹For a thorough treatment of the weaknesses of the negligence system, see C. A. Kulp, Casualty Insurance, (New York: The Ronald Press Co., 1957 3rd Revised Edition), p. 83-85, 100-103, 200-201, 217-219. Also see p. 53 this paper.

TABLE 4A-1 FINANCIAL RESPONSIBILITY AND RELATED LAWS - GENERAL ANALYSIS

State	Liability limits	Compulsory insurance?	FINANCIAL RESPONSIBILITY LAWS										Unusual provisions	Supplementary laws
			Scope (P—Proof; S—Security; Sat.—Satisfaction. Figures indicate number of years proof required)			Minimum property damage	Requires security (S), proof (P); from driver (D), owner (O)	Regardless of fault?	Applicable by reciprocity to accidents in other states?	INSURANCE IN EFFECT		OTHER EXEMPTIONS 1. Parked car; 2. Car stopped, standing or parked; 3. Certain motor carriers; 4. Certain publicly owned vehicles.		
			Accidents	Convictions	Judgments					Information required in accident report?	Notice or verification required from insurer? (* - Only if policy not in effect)			
Alabama	5/10/1		S	P - 3	Sat. & P - 3	\$50	S - D & O	Yes	Yes	Yes	Verif.	1,3,4		
Arizona	5/10/1		S	P - 3	Sat. & P - 3	\$100	S - D & O	Yes	Yes	Yes	Verif.*	2,3,4(r) (s)		
Arkansas	5/10/1		S	P - 3	Sat. & P - 3	\$100	S - D & O	Yes	Yes	Yes	Verif.*	1,3,4		
California	5/10/12		S (y)	P - 3	Sat. & P - 3	\$100	S - D & O (y)	Yes	Yes	Yes	Verif.*	1,4(r)	(aa)	Imp.
Colorado	5/10/1		S	P - 3	Sat. & P - 3	\$50	S - D & O	Yes	No	Yes	Verif.*	4		
Connecticut	20/20/1	(b)	S	P - 3	Sat.	\$100	S - D & O	Yes	Yes	Yes	Verif.*	1,3,4(p)		
Delaware	10/20/5		S	P - 3	Sat. & P - 3	\$100	S - D & O	Yes	No	No	Notice	2,3,4	(ff)	
Dist. of Col.	10/20/5		S	P - 3	Sat. & P - 3	\$100	S - D & O	Yes	Yes	Yes	Verif.*	1,3,4		
Florida	10/20/5		S & P - 3	P - 3	Sat. & P - 3	\$50	S & P - D & O	Yes	Yes	No(m)	Verif.*	1,4		
Georgia	10/20/1		S	P - 3	Sat.	\$100	S - D & O	No	Yes	No	Notice	1,3,4		
Hawaii	5/10/1		S	P - 3	Sat. & P - 3	\$100	S - D & O	Yes	No	No	Notice	1,3,4	(gg)	
Idaho	5/10/1		S (y)	+ P - 3	Sat. & P - 3	\$50	S - D & O (y)	Yes	Yes	Yes	No	1,4		
Illinois	10/20/5		S	P - 3	Sat. & P - 3	\$100	S - D & O	Yes	No	Yes	Verif.*	2,3,4		
Indiana	10/20/5†		S & P - 1 (d)	P - 3	Sat. & P - 3	\$50	S & P - D & O (v)	Yes	No	Yes	No	3		
Iowa	10/20/5		S	P - 3	Sat. & P - 3	\$50	S - D & O	Yes	No	Yes	Verif.*	2,3,4		
Kansas†	5/10/1		S	P - 2	Sat. & P - 2	\$100	S - D & O	Yes	No	Yes	Verif.*	1,3,4		
Kentucky	5/10/1		S	P - 3	Sat. & P - 3	\$100	S - D & O	Yes	No	Yes	Verif.*	1,4		
Louisiana	5/10/1		S	P - 3	Sat. & P - 3	\$100	S - D & O (n)	Yes	Yes	Yes	Verif.*	1,3,4		
Maine	10/20/5		S & P - 3	P - 3	Sat. & P - 3	\$100	S & P - D & O	No	No	Yes	Verif.*	3,4		
Maryland	10/20/5	(a)	S & P (ii)	P (ii)	Sat. & P (ii)	\$75	S & P - D & O	Yes	Yes	Yes	Verif.*	1(r)		U. J.
Massachusetts	5/10	Yes	(ee)		Sat. (P. D.)		(ee)							
Michigan	10/20/5		S & P (g)	P - 3	Sat. & P - 3	\$100	S & P - D & O (g)	Yes	No	Yes	No	1,4(jj)	(cc)	
Minnesota	10/20/2		S	P - 5	Sat. & P - 5	\$100	S - D & O	No	Yes	Yes	Verif.*	2,4(r)	(gg)	
Mississippi	5/10/5		S	P - 3	Sat. & P - 3	\$50	S - D & O	No	Yes	Yes	Verif.*	1,4		
Missouri	5/10/2		S	P - 3	Sat. & P - 3	\$100	S - D & O	Yes	Yes	Yes	Verif.*	1,3,4		
Montana	5/10/1		S	P - 3	Sat. & P - 3	\$100	S - D & O	Yes	Yes	Yes	No	1,3,4		
Nebraska	5/10/1		S	P - 3	Sat. & P - 3	\$100	S - D & O	Yes	No	No	Notice	1,4		
Nevada	5/10/1		S (y)	P - 3	Sat. & P - 3	\$100	S - D & O (y)	Yes	Yes	Yes	Verif.	1,4		
New Hamp.	10/20/5		S & P - 7 (l)	P - 7	Sat. & P - 7	\$50	S & P - D & O	No	Yes	Yes	Verif.*	4	(l) (hh)	
New Jersey	5/10/1		S	P - 3	Sat. & P - 3	\$100	S - D & O	Yes	Yes	Yes	Verif.*	1,3,4(t)	(z)	U. J.
New Mexico	5/10/1		S	P - 3	Sat. & P - 3	\$100	S - D & O	Yes	Yes	Yes	Verif.*	1,4		
New York	10/20/5	Yes	S		Sat.	\$100	S - D & O	Yes	Yes	Yes	No	3,4	(gg)	
North Carolina	5/10/5	Yes†	S (e)	P - 2	Sat. & P - 2	\$100	S - D & O	No (e)	Yes	Yes	Verif.*	1,3,4(r)	(gg)(i)	
North Dakota	5/10/1		S	P - 5	Sat. & P - 5	\$100	S - D	Yes	No	No	Notice	2,4	(gg) (h)	U. J.
Ohio	5/10/5		S	P - 3	Sat. & P - 3	\$100	S - D & O	Yes	No	Yes	Verif.*	1,4	(dd)	
Oklahoma	5/10/1		S (t)	P - 3	Sat. & P - 3	\$100	S - D & O (t)	Yes	Yes	Yes	Verif.*	1,3,4		
Oregon	5/10/2		S & P - 5	P - 5	Sat. & P - 5	\$50	S & P - D & O	Yes	Yes	Yes	Verif.*	1,3,4(r) (bb)		
Pennsylvania	10/20/5†		S	P - 3	Sat. & P - 3	\$100	S - D & O	Yes	Yes	Yes	Verif.	1,4		
Rhode Island	5/10/1	(c)	S	P - 1	Sat. & P - 1	\$100	S - D & O	Yes	Yes	Yes	Verif.*	2,3,4		
South Carolina	5/10/1		S	P - 3	Sat. & P - 3	\$50	S - D & O	Yes	No	Yes	No	1,3,4		
South Dakota	10/20/5		S	P - 3	Sat. & P - 3	\$100	S - D & O	Yes	Yes	Yes	Verif.*	1,3,4		
Tennessee	5/10/1		S		Sat.	\$50	S - D & O	Yes	Yes	No	Notice	1,3,4		
Texas	5/10/5		S	P - 3	Sat. & P - 3	\$100	S - D & O	Yes	Yes	Yes	Verif.*	1,3,4		
Utah	5/10/1		S		Sat. & P - 3	\$100	S - D (v)	Yes	Yes	Yes	No	1,4(r)		
Vermont	10/20/2		S & P - 3 (j)	P - 3	Sat. & P - 3	\$35	S & P - D	No (j)	No	No	Verif.*	1	(gg) (i)	
Virginia	10/20/1		S	P - 5	Sat. & P (ii)	\$50 (f)	S - D	No	No	No	Notice	1,3,4(i)	(f)	
Washington	5/10/1		S (a)	P - 3	Sat. & P - 3	\$200	S - D or O	Yes	No	Yes	Verif.*	1(g)	(gg)	
West Virginia	5/10/1		S	P - 3	Sat. & P - 3	\$100	S - D & O	Yes	No	Yes	Verif.*	1,4	(aa)	
Wisconsin	10/20/5		S	P - 3	Sat. & P - 3	\$100	S - D & O	Yes	Yes	Yes	Verif.*(kk)	1,3,4		
Wyoming	5/10/1		S	P - 3	Sat. & P - 3	\$50	S - D & O	Yes	No	No	Notice	1,4		

Source: Association of Casualty & Surety Companies, New York, New York.

Notes to TABLE 4A-1

- †—Effective January 1, 1958.
‡—10/20/5 after 7/1/59.
- a—Application of minor for driving license to be accompanied by proof, same to be maintained until minor reaches 21.
- b—Vehicles owned by minors cannot be registered unless proof filed; minors under 18 may operate only insured vehicles.
- c—Minors owning motor vehicles must furnish proof before registration.
- d—Requirement of proof discretionary.
- e—Appeal to court automatically stays suspension, and court may exempt motorist not at fault.
- f—Where property damage is less than \$300, security not required in behalf of non-resident except on request.
- g—Proof not required if claims settled or security filed BEFORE suspension.
- h—Commissioner may stay suspension for not exceeding four months in case of hardship or doubt as to liability.
- i—Person whose proof furnished by employer.
- j—Security required only if operator is convicted as a result of accident.
- k—In case of undue hardship Commissioner may dispense with release.
- l—Minimum security \$500.
- m—Motorist completes and returns SR-21 form mailed by F. R. Division.
- n—Registration of owner not suspended where under law owner is not legally liable.
- o—Applicable to personal injury only if serious enough to require medical attention.
- p—Car stopped at stop sign or light, or where other person convicted.
- q—Inapplicable to person who was unable to procure insurance because of race or color.
- r—Person who has received payment for his damages.
- s—Operator employed by owner.
- t—In hardship cases court may modify extent of compliance with security requirement, and in that event proof is required.
- u—If insurer of any operator settles, all operators deemed released.
- v—Owner subject to law if employer of driver. In that event registration of employer suspended.
- w—Privilege to drive as chauffeur in course of employment not suspended.
- x—Discretionary as to owner.
- y—When license restored after lapse of 1 year without suit, proof must be given for 3 years.
- z—Non-owner subject to requirements may operate vehicle when owner has furnished proof.
- aa—Applicable only to accidents on streets and highways.
- bb—Owner exempt if vehicle operated by bailee for hire or by person not his agent, employee or member of his family. Driver exempt if employer's vehicle was operated.
- cc—Court has discretion to restore license where needed for occupation.
- dd—Registrar shall not require security for benefit of person who fails, after notice, to give information as to extent of injury or damages.
- ee—In action against nonresident, plaintiff may move for security.
- ff—Commissioner may issue limited license or registration when necessary for occupation or livelihood.

- gg—Law affects driving licenses only, not registrations.
- hh—All policies must include uninsured motorist coverage.
- ii—Period proof required not specified in law.
- jj—Car stopped at traffic signal.
- kk—As respects permission, insurer may correct report only by filing affidavit within 30 days after receipt.
- U.J.—Unsatisfied judgment fund. (See Chart III).

Imp.—Where owner or operator of motor vehicle involved in accident fails to establish exemption from security requirements or to deposit security, vehicle must be stored until owner or operator complies with financial responsibility law. Judgment creditor may levy execution against vehicle. Prior liens not affected.

Compulsory Laws

Massachusetts. Applicable to all owners of motor vehicles registered in the state and to owners of motor vehicles operated in the state for more than 30 days in any year; coverage prescribed by statute; territory: highways of Massachusetts only; guest coverage excluded; all policies coterminous with registration; owner must file certificate of insurance; 20 days' notice of cancellation, with reasons, required—to other party and Registrar; notice of intent not to renew to be given by insurer before November 16; cancellation or refusal to renew reviewable by Board of Appeal; operation without required proof punishable by fine of \$100 to \$500 or imprisonment for one year; rates made by Insurance Commissioner.

New York. Applicable to all owners of motor vehicles registered in the state, and to all owners and operators of motor vehicles used in the state, resident or non-resident; coverage prescribed by regulation; territory: U.S. and Canada; policy need not be coterminous with registration; owner must file certificate of insurance, but after first year, upon renewal of registration, statement by applicant that proof is in effect is acceptable; 10 days' notice to named insured required upon cancellation or failure to renew by insurer; upon termination by cancellation or failure to renew, notice shall be filed by insurer with Commissioner within 30 days after effective date; detailed penalty provisions relating to operation without proof in effect, applicable to motor vehicles registered in New York or elsewhere; violation results in revocation and is punishable as misdemeanor by fine of \$100 to \$1000 and/or imprisonment for one year; rates made by insurers, subject to prior approval of Superintendent.

North Carolina. Applicable to all owners of motor vehicles registered in the state; coverage: proof of financial responsibility as defined in financial responsibility law; territory: U.S. and Canada; policy need not be coterminous with registration; owner must file certificate of insurance; 15 days' notice to named insured required upon cancellation or failure to renew by insurer; upon termination by cancellation or failure to renew, notice shall be mailed by insurer to Commissioner within 15 days after effective date; owner of motor vehicle registered in state who operates or permits operation without financial responsibility in effect guilty of misdemeanor punishable by fine of \$10 to \$50 or imprisonment for 30 days; rates made by company-operated bureau created by law; requires merit rating.

TABLE 4A-B
FINANCIAL RESPONSIBILITY AND RELATED LAWS —
SUPPLEMENTARY ANALYSIS

State	JUDGMENTS		POLICY CERTIFIED AS PROOF				ASSIGNED RISKS
	Minimum property damage	Applicable to judgments of other states (S) and Canadian provinces (P)	Notice of termination (cancellation) (C); expiration (E)	Filing by nonresident of certificate of unadmitted insurer		Provision for absolute liability	Participation in plan required by law
			How many days?	Certificate acceptable	Subject to compliance by insurer with certain conditions		
Alabama	No min.	S & P	C,E—10	Yes	Yes	Yes	Yes
Arizona	No min.	S & P	C,E—10	Yes	Yes	Yes	Yes
Arkansas	No min.	S & P	C,E—10	Yes	Yes	Yes	Yes
California	\$100	S	C—10	No		No	Yes
Colorado	\$100	S & P	C—10	Yes	Yes	Yes	Yes
Connecticut	No min.	S & P	C,E—10	No		No	Yes
Delaware	No min.	S & P	(3)	Yes	Yes	Yes	Yes
D. C.	No min.	S & P	C,E—10	Yes	Yes	Yes	No
Florida	No min.	S	C—10	Yes	Yes	No	Yes
Georgia	No min.	Not spec.	C—20(4)	No		No	Yes
Hawaii	No min.	S & P	C,E—10	Yes	Yes	Yes	Yes
Idaho	No min.	S & P	C,E—10	Yes	Yes	No	Yes
Illinois	No min.	S & P	C—10	Yes	Yes	Yes	Yes
Indiana	\$50	S & P	C—10	Yes	Yes	Yes	No
Iowa	No min.	S & P	C,E—10	Yes	Yes	Yes	No
Kansas	No min.	S & P	C,E—10	Yes	Yes	Yes	Yes
Kentucky	No min.	S & P	C,E—10	Yes	Yes	Yes	No
Louisiana	No min.	S & P	C,E—10	Yes	Yes	Yes	Yes
Maine	\$100	Not spec.	C—10(5)	No		Yes	No
Maryland	\$25	S & P	C—30	Yes	Yes	Yes	No
Massachusetts	No min.	No	C—20	No		Yes(7)	Yes
Michigan	No min.	S & P	C,E—10	Yes	Yes	Yes	No
Minnesota	No min.	S	C,E—10	Yes	Yes	Yes	No
Mississippi	No min.	S & P	C,E—5	Yes	Yes	Yes	Yes
Missouri	No min.	S & P	C,E—10	Yes	Yes	Yes	Yes
Montana	No min.	S & P	C,E—10	Yes	Yes	Yes	Yes
Nebraska	No min.	S & P	C,E—10	Yes	Yes	Yes	No
Nevada	No min.	S & P	C,E—10	Yes	Yes	Yes	No
New Hampshire	\$50	Not spec.	C—10	No		Yes(6)	No
New Jersey	\$100	S & P	C—10	Yes	Yes	Yes	No
New Mexico	No min.	S & P	C,E—10	Yes	Yes	Yes	Yes
New York	\$100	S & P	C,E—10	Yes	Yes	No	Yes
North Carolina	No min.	S & P	C,E—20	Yes	Yes	Yes	Yes
North Dakota	No min.	S	C,E—10	Yes	Yes	Yes	No
Ohio	No min.	S & P	C,E—10	Yes	Yes	Yes	Yes
Oklahoma	No min.	S & P	C,E—10	Yes	Yes	Yes	Yes
Oregon	No min.	S	C—10	Yes	Yes	Yes	No
Pennsylvania	\$5.33	S & P	C,E—10	Yes	Yes	Yes	No
Rhode Island	No min.	S & P	C,E—10	Yes	Yes	Yes	Yes
South Carolina	No min.	S	C,E—10	Yes	Yes	Yes	Yes
South Dakota	No min.	S & P	C,E—10	Yes	Yes	Yes	Yes
Tennessee	No min.	S & P	(2)	(2)	(2)	(2)	Yes
Texas	No min.	S & P	C,E—5	Yes	Yes	Yes	Yes
Utah	No min.	S & P	C,E—10	Yes	Yes	Yes	Yes
Vermont	No min.	No	C—10	No		Yes	No
Virginia	\$50	S & P	C,E—20	Yes(1)	Yes(1)	Yes	Yes
Washington	\$100	S & P	C—10	Yes	Yes	Yes	No
West Virginia	No min.	S & P	C,E—10	Yes	Yes	Yes	No
Wisconsin	\$100	S	C,E—10	Yes	Yes	Yes	Yes
Wyoming	No min.	S & P	C,E—10	Yes	Yes	Yes	No

1—Insurer must deposit security for each policy.

2—Proof not required.

3—Refund of unearned premium required. 30 days' notice required on assigned risks; no provision as to others.

4—Insurer's right to cancel restricted.

5—If certificate specifies expiration date, notice of expiration not required.

6—All policies issued in state must meet requirements of act and must include uninsured motorist coverage.

7—Policy need not cover guest liability.

Source: Association of Casualty & Surety Companies, New York, N. Y.

security for the current accident and proof of future responsibility. Under this type of statute, the uninsured motorist must file security in the form of a cash deposit with the state for any bodily injury and for property damage over a minimum amount. The deposit must be made regardless of the legal liability of the uninsured motorist. In addition the depositor must file evidence of future financial responsibility and maintain it for a certain period. Failure to comply with the statute brings immediate suspension of all driving privileges in the state. Other types of financial responsibility laws do not require evidence of financial responsibility after an accident unless a judgment is rendered against the individual. Both types of financial responsibility laws require suspension of all driving privileges upon proof of a judgment remaining unsatisfied. The judgment debtor's driving privilege usually remains suspended for a stated period.

According to Table 4A-1, only one state, Connecticut, requires bodily injury limits exceeding \$10,000 for one person and \$20,000 for one accident. The majority, 34 states, require limits of \$5,000/\$10,000 bodily injury. Three states, Connecticut, Rhode Island, and Maryland, require minors to give evidence of financial responsibility, before a motor vehicle can be registered to them.

It is interesting to note that most states have a minimum amount of property damage which must be sustained before a security deposit can be required. All states require a security deposit if there is any bodily injury. This property damage minimum varies from none in Massachusetts to \$200 in the State of Washington. However, thirty-one states have a minimum of \$100.

Ohio and Virginia require security only from the driver of the vehicle involved in an accident, while most states subject the driver and owner to the requirements of the financial responsibility statutes.

According to Table 4A-1 most laws are applicable to drivers' licenses and motor vehicle registrations. However, in Hawaii, Minnesota, North Carolina, North Dakota, New York, Vermont and Washington, the financial responsibility statutes are applicable only to drivers' licenses.

Table 4A-2 indicates that provisions for an absolute policy are embodied in the financial responsibility statutes of forty-four states. Absolute provisions generally provide that the insurer may not deny coverage to the insured after an accident.¹

Policies must be filed as proof of future financial responsibility, in five states. According to Table 4A-2, forty-three states will accept certificates as evidence of financial responsibility. A certificate is usually a statement by the insurer that the policy is in force for the named insured.

Oregon Financial Responsibility Law

The safety financial responsibility type of law, such as Oregon's, has met with some degree of success in obtaining a high ratio of financially responsible motorists. This is evidenced by the fact that in 1957

¹See pages 35 and 36 of this text.

97% of Oregon motorists involved in accidents proved to be financially responsible.

The Safety Financial Responsibility Statute in Oregon is a part of the Motor Vehicle Laws which govern the operation of motor vehicles in this state. The information to follow was taken from the Motor Vehicle Laws of Oregon, 1957-58 edition, compiled by the Department of Motor Vehicles, Salem, Oregon, unless it is otherwise indicated.¹

Part Five of the Motor Vehicle Laws is entitled Motor Vehicle Responsibility Act. Future responsibility is defined as the ability to respond in damages for liability on account of accidents in the amount of:

1. \$5,000 because of bodily injury to or the death of one person in any one accident.
2. Subject to the limits for one person, \$10,000 because of bodily injury to or death of two or more persons in any one accident, and
3. \$5,000 because of injury to or destruction of the property of others in any one accident.

Future responsibility can be shown by having in force an automobile insurance policy in the amount of \$5,000/\$10,000 bodily injury and \$5,000 property damage, or by making a deposit of securities or furnishing a bond in the amount of \$15,000 or a certificate of self-insurance. In Oregon two individuals have given proof of future responsibility by making a deposit or furnishing a bond since 1943.

¹For more detailed information regarding the safety financial responsibility law the reader is referred to the Motor Vehicle Laws of Oregon, 1957-58 Edition, Part Five.

The Financial Responsibility Division reports that five certificates of self-insurance are in force. Self-insurers must own twenty-five vehicles or more, and prove their ability to pay any future judgments. In addition, qualified self-insurers must agree to pay the same amounts (\$5,000/\$10,000 bodily injury, \$5,000 property damage) that an insurer would be obligated to pay, to settle any judgment within thirty days after it becomes final, and to give notice of intent to cancel the certificate.

In Oregon the automobile liability policy which is given as evidence of future responsibility is subject to certain conditions, such as:

1. When an accident occurs, the liability of the insurer must be absolute for injury or damage covered by the policy.
2. No statement made by the insured or on his behalf shall void the policy.
3. Ten days notice is required for cancellation.
4. Every policy for which a certificate of future proof is requested is required to show:
 - a. Name and address of named insured.
 - b. Coverage afforded, limits of liability, and policy period.
 - c. Vehicles covered.
 - d. Contain an agreement or endorsement which provides that the insurance is afforded subject to all terms and conditions of the Motor Vehicle Safety Responsibility Act.
 - e. Any policy may provide that the insured may reimburse the insurance carrier for any payment the insurance carrier would not have been obligated to make under the terms of the policy except for the provisions of the Motor Vehicle Safety Responsibility Act.

The effect of these conditions makes the automobile policy similar to a surety bond, when it is certified as proof of future responsibility. However, the insurer has the right to look to the insured for reimbursement under some circumstances.

The Oregon motorist must be insured or give evidence of future responsibility when involved in an accident. However, proof of future financial responsibility is waived under the following conditions:

1. Vehicle is owned or leased to and operated under the direction of the United States of America, this state, or any municipality or subdivision thereof.
2. At the time of the accident the vehicle was parked.
3. There was in force at the time of the accident an insurance policy or certificate of self-insurance.
4. The vehicle involved in the accident was being operated under a permit issued by the Public Utility Commissioner of Oregon.
5. Accident originated on other than a highway. Highway is defined in the code as "every public way, thoroughfare and place, including bridges, viaducts, and other structures within the boundaries of the state, used or intended for the use of the general public for vehicles."

Accidents occurring on private property and involving federal, state or city vehicles do not come within the scope of the act.

Oregon, like most states today, has amended its financial responsibility law to require an uninsured motorist to make a deposit to cover

judgments rendered against him in his first accident. This provision requires that the motorist prove his ability to pay for the current accident, or lose his driving privilege. Section 46.021 of the act states "Within sixty days following notice to the Department of an accident originating from the operation of a vehicle upon any highway within this State which has resulted in damage to property or injury or death to person, the driver and owner of such vehicle, shall, except as hereinafter provided:

1. Pay and deliver to the Department a security deposit when ordered to do so in such sum of money which is sufficient in the opinion of the Department to satisfy any judgments for damages resulting from such accident as may be recovered from such driver or owner; and

2. File with the Department and thereafter maintain for a period of five years, proof of future responsibility."

The exemptions from the requirement of making a deposit are quoted below from Section 486.031 of the act:

"1. Exemption shall be granted if:

- a. The driver at the time of the accident was operating a vehicle owned by or leased by and operated under the direction of the United States of America, this state, or a municipality or political subdivision of this state.
- b. No injury or damage was caused in the accident to the person or the property in excess of \$50 of anyone other than such driver or his employer.

- c. His vehicle, at the time, was parked, unless it was parked at a place where such parking was prohibited.
- d. Such liability as may arise from the driver's operation of the vehicle involved in the accident was covered by some form of liability insurance or bond which complies with this chapter, or
- e. The owner of the vehicle involved in the accident was a self-insurer.

"2. Exemption shall be granted to a person if:

- a. At the time his vehicle was being operated or had been parked by a bailee for hire, or by a person not his agent, employee, or a member of his family.
- b. At the time of the accident his vehicle was being operated without his permission, expressed or implied, or was parked by a person who had been operating such vehicle without his permission.
- c. He is released from all liability by all other persons injured or damaged in the accident. The Department may accept for the purposes of this chapter evidence of a release from liability executed by a natural or a legal guardian on behalf of a minor without the approval of any Court or Judge.
- d. There has been a final adjudication of non-liability in respect to such persons as to all claims arising out of the accident.
- e. Payment for damages and injuries has been made to such persons by or in behalf of the other party to the accident.
- f. At the time of the accident he was operating the vehicle under a permit issued by the Public Utility Commissioner of Oregon."

The maximum deposit that can be required for \$5,000 to one person, and \$10,000 if more than one person in one accident for personal injury, and \$2,000 for property damage. Why the furnishing of proof of future responsibility requires \$5,000 property damage and the security deposit requirements are only \$2,000 is a moot question.

The security deposit shall be available for the payment of any final judgment if an action at law was commenced within one year from date of accident and for payment of any settlement agreement covering any claim arising out of the accident. The security deposit is transferred to the State Treasurer, and will be returned if the depositor at any time establishes exemption from security. This could be done by release or settlement agreement. After two years from the date of accident, any security deposit remaining will be returned to the depositor provided that no action at law is pending or judgment remains unsatisfied.

The reader is specifically referred to the Motor Vehicle Laws of Oregon, 1957-58 edition, for further details or information.

Opponents to financial responsibility laws criticize the statute on the grounds that proof of financial responsibility is not furnished until after an accident and that no guarantee is made for payment of damages in the first accident.

These criticisms are not without some merit. It is true that proof is not given until after an accident, that financial responsibility laws do not guarantee payment of damages in the first accident.

Arguing for the opposition, it is true that some injuries and damages will go uncompensated. However, as this study has developed, the number of such uncompensated victims, as well as the monetary value of such

uncompensated damages, is small by comparison to certain criteria, such as personal income, insured automobile losses and civilian labor force.

Summary and Conclusion

Oregon is fortunate that only 3% of the motorists involved in accidents appear unable to prove financial responsibility. The high percentage of financially responsible motorists can be attributed, at least in part, to the working of the financial responsibility law and an insurance conscious public.

It appears that this method may offer an approach to a solution of the financially irresponsible motorist because:

1. The concept of voluntary insurance seems to be effective in Oregon. The department of motor vehicle records indicate that 94% of motorists involved in accidents in the first six months of 1958 were insured.
2. It appears that the philosophy and objectives of the financially responsible statute are successful in Oregon.

It would be wrong to assume that the financial responsibility law might be an effective approach to the problem of the financially irresponsible motorist in other states, without an analysis of the problem in these areas. To make this assumption without an analysis of the problem would be like a physician prescribing before the patient's ills were diagnosed.

It may be possible, by further amendments to the financial responsibility law, to achieve a higher percentage of financially responsible drivers. These amendments will be discussed in Part Three.

CHAPTER IV

UNSATISFIED JUDGMENT FUNDS

The philosophy behind unsatisfied judgment funds is based on:

1. The law of negligence, as it is practiced to day, and the idea that it is applicable to automobile accident situation.

2. The premise that only innocent victims of uninsured motorists should be compensated. (This is similar to the compensation principle except for the law of negligence, and the fund's right to subrogation.)

3. The idea that unsatisfied judgment funds should supplement financial responsibility statutes.

Unsatisfied judgment funds appear to be of a quasi compensation, compulsory, nature. Their concepts appear to lie in between compulsory insurance and compensation plans because:

1. Motorists are compelled to pay into the fund if they are not insured. Usually payment is made at the time of the registration of the vehicle. This is similar to paying for insurance as a prerequisite for licensing vehicles.

2. The compensation system is based on the idea that all parties should be reimbursed regardless of fault. Unsatisfied judgment funds recognize the idea that only those who are innocent should be awarded damages.

However, the similarity of the two is in the principle that the fund should pay those who are unable to collect from the responsible party. The relationship of unsatisfied judgments to the compensation plan is similar to the employer liability statute, and workmens' compensation statutes.

The objective of all unsatisfied judgment funds in operation today is to pay the innocent victim of an automobile accident when a judgment against a motorist is uncollectible because he has no insurance or other assets. Some funds include the hit and run hazard and will pay even if the damaged party cannot identify the defendant. The following observations are based on Table 5-A unless otherwise credited. The Alberta fund covers medical expenses even where there is no legal liability. In this respect the Alberta fund is similar to the Oregon motor vehicle accident fund which will be discussed later. The unsatisfied judgment fund assumes liability only for claims above a minimum and below a maximum. The Province of Manitoba, Canada, pioneered the enactment of unsatisfied judgment fund legislation. Their law became effective on January 1, 1946. Since that time several other Canadian provinces have enacted similar legislation, with the exception of British Columbia, all such funds are operated by their respective governments. The private insurance industry has assumed the liability of paying all unsatisfied judgments resulting from motor vehicle accidents in British Columbia.¹

¹Kline, George H., and Pearson, Carl O. The Problem of the Uninsured Motorist (Insurance Department, New York, 1951) p. 32-37.

North Dakota, the first of the states to borrow this idea, embodied it in a statute in 1947. New Jersey passed an unsatisfied claim and judgment law, which went into operation on April 1, 1955.

Basically the eleven existing plans are quite similar in that they

1. Provide a fund out of which may be paid judgments rendered in connection with automobile accidents which remain unsatisfied.
2. Limit the amount which may be paid to the judgment creditors, usually \$5,000/\$10,000 bodily injury, \$1,000 property damage.
3. Require the judgment creditors to obtain a judgment in damages exceeding a specified amount.
4. Require the judgment creditor to take all possible steps to enforce payment of the judgment such as showing
 - a. He has made a diligent search for assets.
 - b. He has not made a settlement with the judgment debtor.
 - c. He has unsuccessfully exhausted the procedure of levy and execution upon the property of the judgment debtor.
5. Authorize the state or province to intervene in any proceeding on the application for the use of the fund and show cause why it should not be used for the benefit of the claimant.
6. Provide that judgments paid in whole or in part by the fund be assigned by subrogation to the state or province for possible future action against the judgment debtor.
7. Require the judgment debtor's driving license and vehicle registration be suspended until such time as he has made restitution to the fund and demonstrates financial responsibility for the future.

However, the plans vary considerably in detail, as Table 5-A indicates.¹

New Jersey has a unique way of financing its fund in that it collects one half of one per cent of the net direct premium written in the state by its automobile insurers, as well as an \$8.00 assessment from uninsured motorists at the time of vehicle registration.

In a number of funds special consideration is given to the treatment of default judgments and claims arising out of hit and run accidents. These considerations are necessary to prevent the fund from paying fraudulent or spurious claims.

While all the funds have a personal injury limit of \$5,000 and \$10,000, (with the exception of Prince Edward Island, which has liability limits of \$2,000 and \$4,000), North Dakota, British Columbia, and Manitoba do not provide indemnities for property damage. Deductibles vary from no deductible in New Brunswick and Ontario to \$300 deductible in North Dakota.

The New Jersey fund is also unique for the participation of the insurance industry in the administration and control of the fund. Another feature of the New Jersey law is a provision made to facilitate settlements in cases involving small damage claims. Under the New Jersey plan, an insurer assigned to the case may obtain a settlement provided the amount is less than \$1,000. This settlement requires only the approval of the directors and one member of the board, and does not require that the claim

¹Holtz, Leffert. "The Indemnification of Victims of the Uninsured Motorist," A Report by the New York Insurance Commissioner (in the files of the New York Insurance Department), August 18, 1955. p. 6-8.

TABLE 5-A UNSATISFIED JUDGMENT FUND LAWS — UNITED STATES AND CANADA

State or province	Administered by:	SOURCE OF FUNDS AND MAXIMUM ASSESSMENT			MAXIMUM PAYMENT		Deductible (D) or minimum (M)	Available to non-residents	Provision for settlement of claims
		Insurers (% of premium)	Insured owners (O) drivers (D)	Uninsured owners (O) drivers (D)	Hit & run cases	Others			
Maryland*	Insurers	1/2% (a)	No (b)	No max. (O)	10/20	10/20/5	\$100 (D)	Recip.	Yes
New Jersey	Insurers	1/2%	No	\$8 (O)	5/10	5/10/1	\$200 (D)	Recip.	Yes
North Dakota	State	No	\$1 (O)	\$1 (O)	5/10	5/10	\$300 (M)	No	No
Alberta	Province	No	\$1 (O)	\$1 (O)	10/20†	10/20/2†	\$100 (M) (d)	Yes	No
B. C. (c)	Insurers	(c)	No	No †	None	5/10	\$100 (M)	Recip.	No
Manitoba	Province	No	\$1 (O)	\$1 (O)	10/20	10/20	\$100 (M)	Yes	No
New Brunswick	Province	No	\$1 (D)	\$1 (D)	5/10	5/10/1	None	Recip.	No
Newfoundland	Province	No	No max. (D)	No max. (D)	5/10	5/10/1	\$100 (D)	Yes	No
Nova Scotia	Province	No	\$1 (D)	\$1 (D)	None	5/10/1	\$100 (M)	Recip.	No
Ontario	Province	No	\$1 (D)	\$1 (D), \$5 (O)	10/20	10/20/2	None	Recip.	No
P. E. I.	Province	No	\$1 (D)	\$1 (D)	2/4	2/4/1	\$100 (M)	No	No

* Effective June 1, 1959.

† Lower limits apply to accidents occurring before July 1, 1958.

(a) Or 10% of estimated deficiency, whichever is lower.

(b) Except for initial assessment of \$1.

(c) Insurers have voluntarily agreed to satisfy claims.

(d) \$100 deductible from property damage judgments.

Source: Association of Casualty & Surety Companies, New York, New York.

be pursued to judgment. This has resulted in 249 claims being paid during the first four years without court action.¹ Since the passage of the Manitoba unsatisfied judgment law in 1946, there has been considerable debate on the effectiveness of these laws. L. Holtz summarizes the arguments for and against, as follows:

"In Opposition:

1. Unsatisfied judgment plans are inequitable.
 - a) If insured motorist is assessed, he is paying for protection because of the failure of the uninsured to obtain his own protection.
 - b) Although uninsured motorist contributes to the fund and is expected to repay the fund for claims paid on his account, he and his family are denied right of recovery against the fund.
2. Unsatisfied judgment funds will inevitably lead to public demand for a state insurance fund. Thus, if only the uninsured motorist is assessed, such assessment will approximate the present premium for liability insurance. This, coupled with demands for additional protection by the fund would lead to a state insurance fund.
3. It is much more difficult for an unsatisfied judgment fund to defend itself against spurious or fraudulent claims.
4. Unsatisfied judgment laws convey the misleading impression that the uninsured motorist has been relieved of his own liability and that his assets are now protected. Consequently, it may not only fail to encourage the taking out of insurance but may actually result in a decline in liability coverage.
5. Under unsatisfied judgment plans, the claimant is subjected to cumbersome procedural and legal requirements as compared with the ease of settlement under commercial insurance coverage.

¹Final Report to the Board by W. Lewis Bambrick of The New Jersey Unsatisfied Claim and Judgment Fund Law covering the period 4-1-55 to 3-31-58 (in the files of the Board). p. 2.

6. Under all of the unsatisfied judgment funds now in operation, except one, the insured party cannot recover small claims due to the "deductible" feature. Even if his claim is somewhat larger than the amount of the deduction, he is discouraged from pursuing his claim in view of the difficulties of securing a judgment.
7. With the increased insurance coverage of the less desirable risks, underwriting problems will be aggravated. There will be an increase in assigned risk cases.
8. Rates are bound to go up because (1) less desirable risks will be covered, (2) motorists will become more claim conscious, and (3) collusion will increase.

"In Favor:

1. Unsatisfied judgment funds provide a means of paying legitimate claimants who because of the financial irresponsibility of uninsured motorists, would otherwise be unable to collect damages.
2. Unsatisfied judgment funds serve to strengthen safety and financial responsibility laws by keeping irresponsible motorists off the road until they have repaid the fund and furnished proof of future financial responsibility.
3. If assessments upon the uninsured motorist are made sufficiently large, unsatisfied judgment funds will encourage more uninsured motorists to take out liability insurance, particularly when they realize that the assessment is not providing them with any protection against suit for damages.
4. An unsatisfied judgment fund can protect the victims of uninsured out-of-state drivers.
5. An unsatisfied judgment fund can protect the victim of hit-and-run drivers and drivers of stolen vehicles.
6. Unsatisfied judgment funds maintain the common law principle of contributory negligence. Fault must be established before claims on the fund can be made.
7. Under an unsatisfied judgment fund, the burden of financing the fund can be placed on the uninsured motorist where it belongs."¹

¹Holtz, p. 12-13.

The Michigan commission to study the problem of the uninsured motorist in Report No. 2, states: "The commission gave particular study to an unsatisfied judgment plan. The commission agrees that an unsatisfied judgment fund can provide a remedy for those who are injured by hit and run drivers, drivers of stolen vehicles, the willful evader, and the uninsured non-resident motorist. Although it must be conceded that such a plan will not guarantee that the greatest number of motorists will be insured, the innocent victim would thereby be indemnified for his damage." In the opinion of the commission the advantages outweigh the disadvantages of the unsatisfied judgment fund.¹ The unsatisfied judgment funds are usually supplemented by safety responsibility laws, which encourage motorists to carry automobile liability insurance. Most of the funds have resulted in a revision of financial safety responsibility laws.² Opinion remains very much divided upon the merits of the unsatisfied judgment law as is evidenced by the criticisms and advantages presented above.

The experience of the New Jersey fund appears to indicate that it is meeting with some success in accomplishing the objectives to compensate the innocent victims of the uninsured motorist. Table 5-B shows the experience of the New Jersey fund from its beginning on April 1, 1955 to March 31, 1958.

¹Report to Governor of Michigan by the Governor's commission to study the problem of the uninsured motorist, Lansing, Michigan, January 24, 1958. Part II, p. 1-2.

²Kulp, op. cit., p. 216.

TABLE 5-B

AN ANALYSIS OF THE EXPERIENCE OF THE NEW JERSEY UNSATISFIED CLAIM AND
JUDGMENT FUND FOR THE PERIOD 4-1-55 TO 3-31-58

Notices of Claims Processed:				
	Eligible	Ineligible	Total	
1955	1,547	826	2,373	
1956	2,372	1,619	3,991	
1957	2,776	1,474	4,250	
TOTALS	6,695	3,919	10,614	

Claims Closed by Payment From the Fund:				
	No Court Action	By Court Action	Total	
1955	17	10	27	
1956	71	173	244	
1957	161	564	625	
TOTALS	249	747	996	

Claims Closed Without Payment From the Fund:				
	By Settlement Between the Parties	Security Deposited Under F.R. Law	Cases Dropped Where Claimant Was Not Entitled To Damages	Total
1955	195	22	114	331
1956	382	39	555	976
1957	425	22	1,215	1,662
TOTALS	1,002	83	1,884	2,969

Summary: 6,995 - Eligible Claims
996 - Claims Paid by Fund
5,999
2,969 - Claims Closed Without Payment from Fund
3,030 - Number of Claims Pending

Source: Unsatisfied Claim and Judgment Fund, Trenton, New Jersey, Report to the Board by W. Lewis Bambrick for period 4-1-55 to 3-31-58.

The 996 claims paid by the fund amounted to \$1,472,979.00.

It is interesting to note that 1,884 claimants were not legally entitled to reimbursement because of contributory negligence or because of the uninsured parties innocence. These 1,884 cases represent about 45% of all closed claims, which numbered 3,965. In other words, the data

indicated that less than half of the uninsured motorists could be held legally liable for the damages.¹

As long as the principles of no liability without fault and contributory negligence prevail in most jurisdictions the claimant who is negligent will be unable to recover under unsatisfied judgment funds, compulsory insurance, voluntary insurance, and any other plan which retains the principles mentioned above.²

Summary and Conclusion

It seems that the unsatisfied judgment fund in New Jersey may have met with some success, in that 969 claims have been paid in three years. One authority, George H. Kline of Allstate Insurance Company, in an address to the Kansas City Bar Association, said that the unsatisfied judgment fund is a realistic approach to a solution of the financially irresponsible motorists.

Unsatisfied judgment funds do help the innocent victims of uninsured motorists. However, the claimant from the fund must meet certain requirements as to residency, insured status, amount of damage claimed, and be legally entitled to damages, usually securing a judgment against the uninsured motorist.

¹Bambrick, op. cit., p. 28.

²Moser, Henry S. "The Uninsured Motorist Endorsement," The Insurance Law Journal, No. 406, November, 1956. p. 719-722.

The merits of unsatisfied judgment funds are thought by some to outweigh the disadvantages. However, opinion remains divided as to the overall effect of these plans.

CHAPTER V

AUTOMOBILE COMPENSATION INSURANCE

The concept of recovery for damages sustained in an automobile accident without regard to legal liability and the law of negligence is termed "liability without fault". The common law principle of negligence recognizes no liability without fault. However, today there is a tendency to permit, increasingly, various exceptions to this principle, as evidenced by workmens' compensation statutes, laws of absolute liability, vicarious liability laws, and comparative liability statutes. Comparative negligence laws are in force in six states and vicarious liability statutes are in force in twenty-two states.¹ These laws do not require the establishment of an agency relationship in order to impute liability to the owner of a vehicle. Oregon has a similar law, entitled "Family Automobile Doctrine." This statute imputes liability to a parent of a minor driver if the vehicle involved can be shown to be used by the family.

The idea of liability without fault is not new. In England and in some European countries, the compensation idea has been in force for years. The principle of liability without fault was first extended on a wide basis in this country in the area of employer-employee relations, and is embodied in workmens' compensation statutes.

¹National Underwriter Company, F. C. and S. Bulletins, Cincinnati, Ohio, December, 1955, Casualty and Surety Section, p. Fsl.

Various committees studying the problem of the financially irresponsible motorist have considered the compensation system. These include legislative committees from North Dakota, New York, New Jersey, and several Canadian provinces. The only committee which favored a system of compensation without regard to negligence, and was successful in its passage, was in the Province of Saskatchewan, Canada.

The Saskatchewan committee, after studying the traffic accident problem, recommended a compulsory automobile compensation plan. This is known as the Automobile Accident Insurance Act. The acceptance of the principle of liability without fault is based largely upon two premises. First, the negligence system, when applied to automobile accidents, fails to compensate injured victims. At the same time, tort law is inadequate in that it is slow, expensive, and the damages awarded may or may not be compensatory with the injury. In other words, traffic accident victims need a compensation plan similar to workmen's compensation. Second is the feeling that since workmen's compensation has been successful in alleviating the problem of industrial injuries, it should also work equally as well for automobile accident victims.

In answer to the first premise, there is no doubt that if the objective is to compensate individuals, without regard to existing social and legal principles, then a compensation plan assures almost everyone some degree of recovery. It may be that our negligence system is slow and expensive, but if it is, perhaps it should be overhauled to make it more effective before established legal precedent is discarded. The negligence system has been accused of being; (1) Inequitable in assessment of damages,

(2) Slow in processing claims, (3) Expensive and lengthy in procedure, and compensation plans have been accused of the same shortcomings.^{1,2}

The second premise is based on the assumption that automobile and industrial risks and hazards are similar. The circumstances relative to the automobile picture do not parallel the circumstances in industry and business. The following dissimilarities should be kept in mind:

1. The motorist does not have control over third parties with which he may become involved, while the employer has some control over his employees, and may discharge those who appear to be unfit.³

2. If employer-employee standards were applied to motorists and their vehicles, many would not be allowed on the highway because the drivers or their automobiles would be considered unfit.⁴

3. Regarding the matter of cost, it has been said that the costs of workmens' compensation can be passed on, as a cost of doing business, while the costs of automobile compensation could not be passed on as an immediate business expense.⁵

¹Kulp, op. cit., p. 140-158.

²Turnbull, J. G., Williams, C. A., Cheit, E.F., Economic and Social Security (New York: Ronald Press Co., 1957), p. 264-289.

³Cowee, John, "The Uninsured Motorist Dilemma," an address before the Institute of Oregon Underwriters at Eugene, Oregon, January, 1957 (unpublished).

⁴Ibid.

⁵Kline and Pearson, op. cit., p. 34.

The Saskatchewan Plan

The Automobile Accident Insurance Act was passed on April 1, 1946, in Saskatchewan, Canada. Geographically the province is a level, thinly populated plain. During the severe winter months, November to March, 60% of its automobiles are not being used because of impassable roads.

The Saskatchewan government insurance office administers the Automobile Accident Insurance Act. In effect, the Automobile Accident Insurance Act has created a monopolistic state fund.

The coverages afforded are shown in Table 6-A.

Personal injury coverages include death, dismemberment, weekly indemnity, and supplementary benefits. Coverages under this section are paid to the injured, or in case of death, to the dependents, without reference to personal fault of owner, driver, or victim. However, no coverage is provided under the personal injury section in the following cases:¹

1. Persons not dependents.
2. Persons entitled to workmens' compensation (provided that benefit is more than burial expense).
3. Owners and drivers not registered or licensed in Saskatchewan.
4. Non-residents riding in a motor vehicle not registered in Saskatchewan.

¹For a more complete analysis of the various coverages see "Saskatchewan Auto Insurance and Safety Guide, 1958 Edition, by the Saskatchewan Government Office, Regina, Saskatchewan, Canada.

TABLE 6-A

COVERAGES PROVIDED UNDER THE SASKATCHEWAN GOVERNMENT INSURANCE PLAN
ENTITLED AUTOMOBILE ACCIDENT INSURANCE ACT AS OF MAY 1, 1957

I. Personal Injury

Death Benefit

Amount Payable to Primary Dependent	\$ 5,000
Amount Payable to Each Secondary Dependent	1,000
Amount Payable for Housewife's Death	2,000
Maximum Amount Payable Any One Death	10,000

Dismemberment Benefits

Maximum Amounts Range from \$500 to \$4,000

Weekly Indemnity

For Wage Earners and Farmers	\$ 25
For Housewives	20
Maximum Total	3,000

Supplementary Allowance

(May be used for miscellaneous doctor, hospital and medical bills)

Maximum \$600

II. Other Coverages

Comprehensive

This replaces collision, fire and theft and includes other miscellaneous physical damage coverages (Deductible-\$200) Limit is Actual Cash Value

Public Liability

For Injury to One Person	\$10,000
For Injury in One Accident	20,000
For Damage to Property (\$200 deductible in Saskatchewan).	5,000

Rates for private passenger automobiles are based on age and wheel-base of vehicles. Rates vary from \$4 to \$30.

Source: Saskatchewan Government Insurance Office, Regina, Saskatchewan.

5. Persons who are riding in or on any train, streetcar, trolley, bus, airplane, fire apparatus, road or construction machinery.

6. Except for death benefits, persons who are under the influence of drugs, or liquor, and where an unlicensed trailer is attached to a vehicle if the trailer is required to be registered.

7. Spectators or participants of races or speed tests.

In case of total disability, for example, wage earners receive a minimum of \$2,500, not to exceed \$3,000 total: Housewives \$20 a week for no longer than six consecutive weeks. In death cases benefits are paid only to dependents.

Coverages under Part II as shown in Table 6-A include the compulsory liability and physical damage coverages. Physical damage and property damage applies only in the province. Excess coverage (above compulsory limits) may be purchased from the government insurance office or from private insurance carriers. The premiums for compulsory insurance are low for a number of reasons. The most important reasons are low benefits, low administrative costs, and low inherent hazards. (Sixty percent of registered automobiles are laid up during the most hazardous season because roads are impassable.) Another reason for low cost is that non-compulsory insurance is used to subsidize the costs of compulsory business.¹

The experience of the Automobile Accident Insurance Act for 1956 and 1957 is shown in Table 6-B. It is interesting to note the small number of

¹Kulp, op. cit., p. 226.

claims under liability policies compared to collision and personal injury. According to Mr. Blackburn, secretary of the Saskatchewan government insurance office, "This is, of course, due to the principle of compensation, regardless of fault, which is inherent in our plan."¹

The experience of Saskatchewan with automobile compensation plans does not appear to be particularly pertinent for the United States. This conclusion is based on the difference in governments, density of population, and number of vehicle miles driven. Because of these facts, it may be improper to assume that compensation plans would work equally as well here, because it may appear to have met with some degree of success in Saskatchewan.

TABLE 6-B

EXPERIENCE OF THE SASKATCHEWAN COMPULSORY INSURANCE FUND

	1956		1957	
	No. of Claims	Amount Incurred	No. of Claims	Amount Incurred
Bodily Injury	329	\$ 475,418	390	\$ 509,161
Property Damage	754	185,870	849	236,469
Comprehensive (including collision)	9,316	1,765,970	10,102	2,572,151
Fire and Theft	243	126,363	355	218,761
Accident Compensation	<u>4,024</u>	<u>759,491</u>	<u>4,395</u>	<u>753,357</u>
	14,666	\$3,312,114	16,091	\$4,289,901

¹Letter from Mr. R. D. Blackburn, Secretary, Saskatchewan Government Insurance Office, June 6, 1958.

It appears that a compensation plan will reimburse some of the victims of automobile accidents. It is also evident that it may be able to do so on a wider basis than any other system. This is because the compensation plan has as its objective the reimbursing of injured automobile accident victims. However, there remains the premise that it is not a 100% solution to the problem of the financially irresponsible motorist. This is evidenced by the data contained in Tables 6-A and 6-B. Table 6-A indicates that in Saskatchewan the negligence system was retained, and the compensation system underlies the negligence system. The effect of this dual structure is to add one system on top of another, which may have the effect of further complicating a system which it was supposed to correct. Table 6-B indicates that \$509,161 was paid to 390 bodily injury cases in 1957 under the negligence system in Saskatchewan. During this same period \$753,357 was paid to 4,395 cases under the compensation system. About 9% of the number of compensation cases used the negligence system as a means of recovery. However, it is interesting to note that this same 9% received about two thirds as much in total liquidated damages as did compensation cases. The average dollar amount of a negligence case was \$1,365, while the average compensation case amounted to \$171. The residents of Saskatchewan received about two thirds as much recovery under the negligence system for bodily injury as they did under the compensation plan. This indicates that the people of Saskatchewan still make extensive use of the negligence system in obtaining recoveries for automobile accidents.

Another

Another interesting observation is that personal injury damages (bodily injury and accident) total \$1,262,518. This represents about 29% of the total amount paid (\$4,289,901). This means that 71% of the amount paid in Saskatchewan in 1957 was for property damage. It is interesting to note that this is about the same percentage as Oregon experienced in the amount of unsettled damages as shown in Table 2-D.

The purpose of the Saskatchewan plan was to reimburse the bodily injury victim.¹ However, Table 6-B indicates that less than 20% (\$753,357) is paid for the personal injury victim. This appears to be a reversal of the plan's objectives.

In 1946, when the Accident Insurance Act was passed, 88% of Saskatchewan motorists were uninsured. This estimate was made by the committee to study the problem of the uninsured motorist.²

Summary and Conclusion

It appears that Saskatchewan's attempt has resulted in payment of compensation to automobile accident victims. However, this attempt appears to have supplemented the negligence system, and not to have replaced it. The compensation plan may have been a better solution in Saskatchewan than some other panacea, particularly in light of the fact that 81% of the province's motorists were uninsured in 1946.

¹Saskatchewan Report, op. cit., p. 2.

²Ibid., p. 14.

From what has happened in Saskatchewan it appears that the compensation plan may promote confusion, particularly if a dual structure is maintained. Where compensation and negligence systems underlie each other the individual's rights, duties, and recovery could become complicated and cumbersome.

CHAPTER VI

COMPULSORY AUTOMOBILE INSURANCE

The philosophy behind compulsory and financial responsibility statutes are similar. However, a compulsory plan operates under the belief that motorists must be compelled to insure their liability, that a system which relies upon the motorist voluntarily to insure his liability is not practical, and every motorist should give evidence of financial responsibility, regardless of his driving record.

The compulsory system has been in use for some time in most states for certain classes of vehicles, such as interstate carriers, public liveries, and automobiles driven by minors. The compulsory automobile statutes are based on the law of negligence, and do not recognize the concept of liability without fault.

The objectives of compulsory automobile insurance are the same as those of financial responsibility laws; that is, to make more motorists aware of their financial responsibility. The difference between the two is that under financial responsibility laws evidence of financial responsibility is compulsory after the motorist has had an accident, while compulsory insurance requires an insurance policy as a prerequisite to licensing a vehicle. Three states, Massachusetts, New York, and North Carolina have compulsory type laws, and the other states have some type of financial responsibility laws.

Massachusetts has had compulsory automobile insurance statutes since 1927. New York and North Carolina passed such laws only recently.

The following will be a brief summary of the compulsory laws as they are found in these three states.

In Massachusetts the law is applicable to all owners of motor vehicles registered in the state, and is a condition precedent to the registration of a vehicle. The owner must show that he has security against judgment for bodily injury in the amounts of \$5,000 for one person, \$10,000 in any one accident, in the form of an insurance policy, bond, or collateral.¹

Coverage prescribed by the statute is limited and does not apply to the following:

1. Accidents off public highways, or outside of Massachusetts.
2. Guest occupants.
3. Out-of-state motorists.
4. Property damage.

Insurance companies may cancel upon twenty days notice, but must furnish the cause for termination to the registrar and the insured. The cancellation may be set aside by a board of appeal, which also deals with refusal to insure. This board has decided in favor of the policyholder in over 50% of the appealed cases.²

The New York system is broadly similar to the Massachusetts system, but requires \$10,000/\$20,000 bodily injury and \$5,000 property damage

¹Smith, Herbert, C.P.C.U., "Compulsory Insurance Massachusetts Answer to the Problem," The Annals, Philadelphia Society of Chartered Property and Casualty Underwriters, June, 1957, p. 78-83.

²Casualty Insurance Co. Serving Massachusetts, The First Thirty Years, (Boston: Casualty Insurance Companies Serving Massachusetts, 1957), p. 34-36.

liability coverage. North Carolina's statute requires \$5,000/\$10,000 bodily injury and \$5,000 property damage liability.

All liability insurance in Massachusetts is sold by private carriers. The rates are determined by the insurance commissioner. In the other states, the rates are determined by the actuaries of the insurance industry and submitted to the insurance commissioner for his approval.

Table 7-A shows a comparison of the three laws.

Criticisms of the Massachusetts system have been:

1. Underwriting methods of the various insurance companies have been affected adversely. This criticism is valid to the extent that the insurer may be forced to write a policy which it otherwise would not write, or required to continue in force a policy which it would otherwise discontinue. This is evidenced by the fact that the board of appeals has decided against the insurers in more than one half of all cases appealed.

2. In Massachusetts, politics has intervened and influenced the rating structure for automobile insurance policies. This is evidenced by:

- a. Insurers on the whole have lost money, sometimes seriously, since the law's inception. All insurers from 1927 through 1950, took an average loss of 6% on pure premium allowance. The premium level has been insufficient to underwrite at a profit.¹

- b. The insurance commissioner of Massachusetts resigned, and in his letter of resignation he said, "This unusual situation of an under executive having to contend with his superiors in authority is

¹Kulp, op. cit., p. 204.

TABLE 7-A

COMPARISON OF THE NEW YORK, MASSACHUSETTS AND NORTH CAROLINA COMPULSORY INSURANCE LAWS

	New York Effective Date 1957	Massachusetts Effective Date 1927	North Carolina Effective Date 1958
1. Motorists Subject to Requirements	All owners of motor vehicles registered in the state.	All owners of motor vehicles registered in the state.	All owners of motor vehicles registered in the state.
2. Coverage Required	10/20 bodily injury, 5,000 property damage. Standard policy provisions apply.	5/10 bodily injury, no property damage. Coverage applies to public ways of the state only; guest occupant coverage is excluded.	5/10 bodily injury, 5,000 property damage. As defined in the financial responsibility law; may use any method described (bond, deposit or insurance policy) - standard policy provisions.
3. Policy	Standard provision policy.	Absolute policy. ^a Violation of terms by insured does not relieve company.	Absolute policy. ^a Violation of terms by insured does not relieve company.
4. Termination and Registration	Policy need not be coterminous with registration period.	All policies coterminous with registration period.	Policy need not be coterminous with registration period.

^aAbsolute policy provisions are also found in financial responsibility laws. These provisions generally provide that the insurance company may not cancel the policy and deny coverage after an accident has occurred because the insured has violated a policy condition. See pages 34 and 35 of this text for Oregon's absolute provisions.

TABLE 7-A (continued)

	New York Effective Date 1957	Massachusetts Effective Date 1927	North Carolina Effective Date 1958
5. Proof of Insurance	Certificate of Insurance, but after first year statement by applicant that proof is in effect is sufficient.	Certificate of Insurance.	Certificate of Insurance.
6. Notice of Cancellation or Termination	10 days notice to insured. Notice must be filed with commissioner by insurer within 30 days after date of cancellation or termination.	20 days, with reasons why, to insured and commissioner. Notice not to renew to be given before Nov. 16. Subject to review by board of appeal.	15 days notice to insured. Notice to commissioner within 15 days after effective date.
7. Expenses of Administration	Assessed against insurers.	Paid out of general funds.	Paid out of general funds.
8. Penalties	Violation of act is a misdemeanor punishable by a fine of \$100 to \$1,000 and/or imprisonment for one year.	Operation without proof is punishable by fine of \$100 to \$500 or imprisonment for one year.	Failure to comply with the law is a misdemeanor punishable by a fine of \$10 to \$50 or imprisonment for 30 days.
9. Rate Making	By insurers, subject to approval of the insurance commissioner	By the insurance commissioner	By insurers, subject to approval of the insurance commissioner and requires merit rating plan.

TABLE 7-A (continued)

	New York Effective Date 1957	Massachusetts Effective Date 1927	North Carolina Effective Date 1958
10. Supplementary Laws	Financial responsibility statute requiring security and proof after an accident. Effective 1-1-59 Impoundment Act and a fund to pay injured parties of hit-and-run, out-of-state and stolen car accidents.	Right to operate in state suspended for failure to satisfy a judgment.	Financial responsibility laws remain in force, and underlie the compulsory statute.
Source:	Insurance Department, State of New York, N. Y.	Department of Banking and Insurance, Boston, Mass.	State of North Carolina Insurance Department, Raleigh, North Carolina.

the result of an attempt to solve a mathematical problem by the introduction of a factor of political expediency." This message reveals the pressures put on the insurance commissioner by his superiors to lower the automobile rate structure. The commissioner was in a very difficult position and chose to resign because of political pressure to lower rates.¹

Summary and Conclusion

The objectives of any compulsory insurance law are similar to the objectives of the safety financial responsibility statutes. Compulsory insurance is equally as effective in achieving financial responsibility on the part of its motorists. However, certain areas remain where compulsory insurance is no more effective than a properly administered safety financial responsibility law.

Under either law, there will remain the uninsured out-of-state motorist, the irresponsible individual who ignores any statute and continges to exercise his privilege to drive even when this privilege has been withdrawn and those who are unable to identify the tort feaser.

It would appear that a compulsory insurance law would have little, if any more effect than an effectively administered safety financial responsibility law, as the objectives of the two are identical.

To evaluate the effectiveness of compulsory laws in other states is beyond the scope of this paper, for the uninsured motorist problem

¹Ibid., p. 204.

²Ibid., p. 205.

in those states has not been adequately defined. Any judgment as to the value of these laws should not be made until all the facts have been established.

The compulsory statutes would not appear to be pertinent for Oregon because the voluntary way appears to be operating effectively. The burden of proof that compulsory insurance is a better solution to the problem of the financially irresponsible motorist, than a financial responsibility law, should lay with the proponents of a compulsory system.

CHAPTER VII

MOTOR VEHICLE ACCIDENT FUNDS

The Motor Vehicle Accident Fund Law of Oregon, enacted in 1941, provides for payment to hospitals, doctors, nurses, ambulance services and pharmacies, for services rendered to indigent persons for injuries received in motor vehicle accidents on Oregon highways. The State of Ohio has also enacted similar legislation.

The law indirectly helps the injured victims of automobile accidents. Injured individuals themselves may not make claims against the fund. The claimants of the motor vehicle accident fund are those who have performed services made necessary by an automobile accident injury, and remain unpaid because of the indigency of the injured person. Indigency as used in the administration of the fund means that the individual injured was unable to pay for the services rendered, without becoming a public charge. In other words, the injured party may have a job, and equity in a home, and personal property, but may be unable to liquidate his holdings any further unless he has public assistance in the future. To liquidate his assets would be to put him on the welfare rolls. Another criterion is that the individual injured be judgment proof, and any judgment rendered would probably remain unsatisfied. The injured party must sign an agreement with the fund stating that he is indigent.

The motor vehicle accident fund is financed by a fee of 50¢ levied biennially when the drivers licenses are issued or renewed. It is not a part of the drivers license fee, but is collected at the same time as the drivers license fee as a matter of convenience and economy. If, at the end of the biennium there are any monies left in the fund, they are transferred to the general fund.

The claimant (hospital, doctor, etc.) must agree to reimburse the fund if payment is made by the patient or on his behalf after the motor vehicle accident fund makes payment. The claimant also agrees to pursue repayment from the patient if it should come to the claimant's attention that the injured individual is no longer indigent.

Administration of the law is handled by the State Industrial Accident Commission. The claimant must file his claim within 180 days after the patient is released. The claimant must agree to accept the commission's schedule of fees for the services rendered. This schedule is the same one used for industrial accident cases, under workmens' compensation.

In order to further control expenditures from the fund, the commission has established the following limits per person, per accident:

Hospitals	\$3,000
Doctors	1,250
Nurses	500
Pharmacies	500
Ambulance Services ...	250

Authority to exceed the limits set forth above rests solely with the commission. Each authorization for additional aid shall not be more than:

Hospitals	\$500
Doctors	300
Nurses	200
Pharmacies	100
Ambulance Services ...	50

There is no limitation placed on the number of authorizations for additional aid. Technically there is no limit to the total amount if the commission authorized additional aid.¹ One case has reached the \$14,000 level and is still open.

TABLE 8-A

ACTIVITY OF THE MOTOR VEHICLE ACCIDENT FUND
FROM 1952 TO 1956

Year	No. of Automobile Accidents ^a	No. of Cases Filed With The M.V.A.F. ^b	No. of Cases Paid ^b	Amt. Paid by Fund ^b
1952	15,122	986	245	\$103,694
1953	15,562	787	258	124,841
1954	13,888	2,845	329	152,091
1955	15,442	1,400	263	146,353
1956	17,298	1,460	334	146,209

Source: ^aDepartment of Motor Vehicles, Salem, Oregon.

^bMotor Vehicle Accident Fund, Salem, Oregon.

Table 8-A indicates that in 1956 about 2% of the automobile injuries were aided by payments from the motor vehicle accident fund. The author was unable to determine the number of cases involving uninsured motorists.

¹Oregon, State Industrial Accident Commission Annotated Laws Relating to the Motor Vehicle Accident Fund Law, (1957), Secs. 445.010-.220.

The overall effect of the fund on the uncompensated victims of the uninsured motorist must remain in question. However, the following conclusions can be drawn:

1. Payments from the motor vehicle accident fund are made on behalf of injured people involved in automobile accidents when
 - a. There is not a valid policy of insurance to cover the medical costs, or
 - b. Insurance was in force but the policy limits were inadequate, and
 - c. The injured person, in addition to "a" and "b" above, was involved with an uninsured motorist, or was unable to establish his claim against the other party or parties.
2. The total number of accident victims paid by the fund in 1956 was 334. This was about 2% of all accident victims.
3. \$146,029 was paid on behalf of the injured parties.

Conclusion

It appears that the motor vehicle accident fund may have some impact upon the problem of the financially irresponsible motorist. However, the data seem to indicate that the impact of this plan may be insignificant because:

1. A small proportion of automobile accident victims (2%) use the fund (this is within the objectives of the fund because only those who are indigent may receive any benefits).

2. The amount paid from the fund is a small percentage of the total loss (less than .5% of insured losses in 1956).

The philosophy behind this type of plan is similar to a compensation system. However, the objectives of the motor vehicle accident fund are different than those of a compensation plan. The main points of departure are:

1. Indirectly the fund has the right of subrogation.
2. The direct beneficiary is not the injured victim, but the claimant (hospital, physician, pharmacy and ambulance). The injured victim benefits only if he is indigent and the claimant files a claim with the fund.

CHAPTER VIII

OTHER PUBLIC PROPOSALS AND PLANS

Impoundment Law

The financial responsibility laws of three Canadian provinces, Manitoba, Alberta, and British Columbia, include impoundment provisions.

California recently passed an impoundment provision. No experience is available on its operation at this time. New York has passed legislation including an impoundment provision to become effective January 1, 1959.

The impoundment statute, simply stated, provides that all persons involved in an automobile accident resulting in either bodily injury or property damage of more than a stipulated amount must produce evidence of financial responsibility for the current accident or have their automobiles sequestered by the authorities until released by the motor vehicle department.¹

Interestingly, the three Canadian provinces involved have safety responsibility laws, unsatisfied judgment funds, and impoundment provisions. British Columbia has 97% of all vehicles insured, and Alberta has 80% of all motorists insured, while in Manitoba it is estimated that 95% of all automobiles carry policies of liability coverage.² The wide variation is

¹Kulp, op. cit., p. 218.

²Association of Casualty & Surety Companies, bulletin "Unsatisfied Judgment Fund," from Ray Murphy to all member companies, dated 3-28-58.

unexplainable at this time. However, Alberta is the only province where impoundment is not mandatory, and it also has the highest percentage of insured motorists.

As in the case of unsatisfied judgment funds, opinion is divided on the merits of the impoundment statute. The principal argument for the statute is that this device demonstrates to the motorist more dramatically than any other, the serious chances he is taking when he drives without insurance. The most persuasive evidence on the point is the experience of Manitoba. After fifteen years of a financial responsibility law which required security only in the event of a judgment, only 27% of automobiles were insured. The present three-pronged law was effective January 1, 1946, and within one year the percentage of insured motorists had risen to 87%. British Columbia reports similar experience.¹

Two major criticisms have been urged against this statute. It provides insufficient assurance of financial responsibility for the current accident. It punishes the blameless with the negligent. In the first respect the automobile may indeed be sold to cover the damages. However, the proceeds may not be sufficient to cover the injuries sustained. In the latter respect it is no more arbitrary than the security provisions of the safety responsibility law itself. Since impoundment provisions are not intended to guarantee financial responsibility in and of themselves, the criticism advanced above would not appear to be a valid one.

¹Kline and Pearson, op. cit., p. 38-41.

Full-Aid Plan

Still other plans and methods of handling the personal injury problem by legislative action have been proposed. The Full-Aid Plan of Professor Ehrenzweig is one proposing voluntary automobile compensation. All automobile insurance policies would immediately include, on a voluntary basis, a clause under which the accident victim could choose between a schedule of benefits and the right to damages in negligence. This would be similar to the compensation principle of liability without fault to those who chose not to use the tort remedy.¹ This plan has not been put into effect by any legislature as of this date. The Nationwide Insurance Company is now writing a type of insurance which is similar to the Full-Aid Plan. See Chapter IX for the details of this private attempt to solve the problem.

¹Cowee, John, Ph.D. - N.P.

CHAPTER IX

PRIVATE SOLUTIONS TO THE PROBLEM

The insurance industry in Oregon has worked for the solution of the problem of the financially irresponsible motorist.

Preventive measures advocated by the insurance industry include traffic safety education, as well as various other group activities with the objective of promoting safety on the highways. The effects of these industry programs are unmeasurable, but to the extent that they inform the individual and make him aware of traffic safety, these industry programs are serving a useful purpose.

The private insurance industry has made its largest contribution to reducing the uninsured motorist problem in the field of alleviative solutions. These include (1) voluntary assigned risk plans, (2) broader bodily injury and property damage coverages, and automobile medical payment coverages, and (3) uninsured motorist coverage.

Assigned Risk Plans

A voluntary assigned risk plan operates in Oregon. The plan is available to those who are unable to purchase liability coverage through regular channels. In other words, the sub-standard risk can obtain insurance. However, the applicant must meet certain requirements to be eligible, and maintain a reasonably good driving record while he is insured. The various companies doing business in Oregon accept the applicant only after a thorough investigation and receipt of an application

made under oath. All companies participate in the writing of these sub-standard risks in the same proportion that the amount of automobile liability premium they write bears to the total of all such premiums. Costs are minimized by paying the agent of record a 10% commission. The other automobile commissions to agents will vary from 15% to 25% with most carriers paying 25% on new business. Through the assigned risk plan it is possible for some individuals to obtain insurance protection when it would otherwise be difficult to obtain.

Broader Coverage

The insurance industry has continued to provide coverage in areas where protection was lacking. An insurance policy covering the family automobile today will automatically cover any newly acquired private passenger automobile. Collision coverage is afforded on borrowed cars in the same amount that exists on the borrowers automobile. Under the new type policies today, practically anyone who drives the automobile is insured as long as permission is given by the insured. Previously, medical payments covered the named insured in other vehicles on a limited basis, and the children of the insured were excluded from coverage in other vehicles. Medical payments will now cover the insured in any other automobile that is not owned by the named insured or by a relative residing in the same household.

The broadening of the insurance contract to include those formerly excluded and the formation of new coverages has the effect of reducing the

number of financially irresponsible motorists,¹ by enabling more individuals to transfer more risks to the insurance carriers.

Nationwide Plan

The Nationwide Insurance Company of Columbus, Ohio, is writing "family compensation, a type of insurance which is similar in objective to the "full-aid" plan."

Simply stated, this plan offers the injured victim a choice of (1) accepting reimbursement according to the schedule in the policy, or (2) recovering under the negligence system for the damages sustained.

Family compensation will pay up to \$2,000 for medical expenses, and \$5,000 for death benefit. In addition the injured person may recover up to \$5.00 daily disability income for 180 days after the accident.

Medical and death benefits must be incurred by the insured within one year of the date of accident. Disability benefits are paid each day the insured is continuously and necessarily confined indoors under a physician's care.² Nationwide Insurance Company reports that 60% of their new policyholders are purchasing this coverage.³ The cost of family compensation is \$10 annually in most states, which is \$1.40 a year more than the cost of \$2,000 medical payments coverage.

¹For complete and detailed information on the family automobile policy, see Association of Casualty & Surety Companies pamphlet "Family Automobile Policy, a New Concept."

²Nationwide Insurance Co., "Century Auto Policy," (Columbus, Ohio, 1957), p. 8.

³Letter to the Author from R. Hugh Morris, Nationwide Insurance Co., Columbus, Ohio, May 1, 1958.

Uninsured Motorist Endorsement

The uninsured motorist endorsement was designed to protect the innocent victim of the financially irresponsible motorist. Sometimes called the family protection endorsement, this new coverage became available in 1955 in the State of New York. It was first written in Oregon in 1956, and covers bodily injury liability coverage only.

The scope of the family protection endorsement, as it is presently written, is to provide funds when persons covered by the policy are injured by a negligent driver who is not insured. The innocent victim's own insurance carrier agrees to reimburse the covered individual to the same extent that the negligent party would have if he had met the bodily injury insurance requirement of the Oregon safety financial responsibility law. The primary function of this coverage is to compensate the innocent victim of the uninsured motorist, and to make the responsible party answerable in damages.¹ The cost of this coverage in Oregon is small with most companies charging \$6 a year in the Portland area and as little as \$3 a year east of the Cascade mountains. This is a low premium, and the cost per family is less than two cents per day in the higher rated areas.²

The people covered under the uninsured motorist coverage consist of two categories. The named insured and spouse and relative in the household are the primary insureds. The coverage is very broad, as it applies while riding in or upon or entering or alighting from the insureds vehicle

¹Kline, George H., The Forward Look in Insurance, an address before the Kansas City Bar Association, Kansas City, Kansas, 1957. p. 6.

²The rates quoted are for bureau companies. Some independent companies usually write this coverage at a lower premium.

and through being struck by an uninsured automobile as a pedestrian or otherwise.

The second class of covered individuals are persons other than the first class who are in or upon, entering or alighting from the insured vehicle at the time of the accident. The coverage also applies to the operation of insured automobile by third parties, and their guests, if the vehicle is being used with the permission of the named insureds.¹

Uninsured motorists coverage does not require an exhaustive search of the tortfeasor's assets to determine whether or not he is judgment proof before the insurance company agrees to pay. No judgment need be obtained, and it is not necessary to show that the party at fault is lacking in financial ability. The fact that the tortfeasor is uninsured is sufficient to establish the claim. In case of a hit-and-run accident where the party at fault cannot be identified, it is presumed that the tortfeasor was uninsured. The family protection endorsement retains the concept of negligence, that is, no liability without fault.

The importance of the uninsured motorists coverage on the problem of the uninsured motorist will depend upon how widely it is written, and how many are protected by the coverage. Unfortunately, data on the experience of the coverage will not be available for use until November, 1958. However, early indications are that approximately 50% of the motorists may have purchased this coverage in 1957 in Oregon.

¹Kline, op. cit., p. 9.

One firm indicated that it had been their policy to include the uninsured motorist coverage automatically in each policy written. This firm has about 69,000 policyholders in Oregon. The premium is \$1.00 per year for the uninsured motorist coverage. The loss experience has been just about 100% of premium charged: Average claim has been about \$1,000 and there were 69 claims during the period.

There is no question as to what the effect would be if all insurance companies were to include uninsured motorist coverage as a regular provision in the insurance contracts. The vice president of one firm said that if all companies included the provision automatically, then the problem of the uninsured motorist would be solved except for the person who did not own an automobile. There is even a policy available which may be purchased by the family that does not own an automobile, which will give them the same protection. The irresponsible motorist who will not carry liability insurance on his own car and who has created the problem, then, is the only person who might become the uncompensated victim of another irresponsible motorist.¹

Some legislators evidently thought this method was a practical solution. The states of Virginia and New Hampshire have recently passed legislation requiring casualty companies to incorporate the uninsured motorist coverage as an integral part of every automobile liability policy.²

¹Letter to the author from the vice president of Farmers Insurance Exchange, July 23, 1958.

²Michigan Report No. 3, p. 5.

The weaknesses of the uninsured motorist coverage are quite clear. Individuals of the second class referred to above are not covered as pedestrians, and property damage is not covered for either class of insureds.

Property damage coverage requires a different treatment. To provide this coverage under the uninsured motorist endorsement would be inconsistent with other coverages. Any loss caused by an uninsured motorist who is financially irresponsible would be paid under the collision endorsement providing the insured was prudent enough to insure his own automobile. Property other than automobiles such as building, fences, signboards, are all eligible for coverage under the extended coverage endorsement attached to a fire policy, which covers vehicle damage. The State of Massachusetts excluded property damage from the compulsory insurance law because "the real problem of the uninsured motorist is the personal injury cases and not property damage".¹ It is obvious that property damage should not be covered under the uninsured motorist coverage. However, if bodily injury is covered, the big loss as far as the individual is concerned, is covered.

The insurance industry is to be commended for the action they have taken. It may be true that they have been slow in bridging the gap. At times it seems that only the threat of social legislation has spurred the industry on. The uninsured motorist coverage does offer some degree of protection against the financially irresponsible motorist. However, as

¹Saskatchewan, A Report on the Study of Compensation for Victims of Automobile Accidents, (Regina: Saskatchewan government printing office, 1947), p. 52-53.

in any new plan such as this, only time will tell whether or not it is effective in reducing the size of the problem. Indications are that it may offer an answer to the uncompensated innocent personal injury victim.

Summary and Conclusion

Private solutions to the problem are primarily alleviative in nature. The insurance industry has attempted to offer protection against personal injury caused by the uninsured motorist, the hit and run driver, and the stolen car accident. Executives in the insurance industry feel that the uninsured motorist endorsement should all but eliminate the problem of the financially irresponsible motorist. However, this plan has its weaknesses and only time will tell how effective it may be in achieving its objectives.

PART III.

Acenah
CHIEFTAIN BOND

50% COTTON FIBER

MADE IN U.S.A.

CHAPTER X

WHAT APPEARS TO BE THE MOST PRODUCTIVE APPROACH TO A SOLUTION OF THE PROBLEM

Much of the concern which has been expressed over the uninsured motorist who is financially irresponsible indicates a possible misunderstanding of the principles of insurance protection. All automobile liability insurance is self protection. The purpose of automobile insurance is to protect the person who carries it, and not someone with whom he may collide. Liability insurance provides protection to the insured motorist and his family against the burden of having to pay for damages which he becomes legally obligated to pay.

It may accrue, however, to the benefit of another only through the negligence of the insured, providing such third party is legally entitled to payment.

Loss protection which depends upon the other party being at fault in every accident is unrealistic because of our contributory negligence system. People will continue to err, no means has yet been found (including the various plans and solutions that have been discussed in this paper) to make all motorists financially responsible. In Oregon no one who desires to protect himself need suffer a serious automobile accident loss from the financially irresponsible motorist. Bodily injury and property damage insurance will protect the insured motorists assets from claims by others. If the automobile is protected against collision the damage will be paid

by this coverage, except for whatever amount of this protection he has decided to carry himself in the form of a deductible. Normally this would be \$50 or \$100 which the insured had predetermined that he could afford. The prudent individual can also protect his family and guests by carrying medical payments insurance on his automobile. It is available up to a \$5,000 limit for each person. It protects the insured and members of his family in any automobile that they may borrow or ride in, and as a pedestrian. In addition, hospital, medical or accident and health insurance may be available to the insured through a group plan where he works, or through individual policies.

In the event of death, instead of injury the full limits of medical payments coverage would be paid. The driver may also carry death and disability coverage incorporated in his automobile insurance policy. This is available to up a limit of \$10,000. His life insurance would also be paid. If double indemnity is carried the life insurance may be paid double the face amount. These protections are carried by the prudent motorist against all of the hazards of the road, including the possibility of loss caused by a financially irresponsible motorist. These various coverages pay the insured regardless of the question of fault, or the nature of the accident.

If the motorist carries these self protections, the fact that the other driver is uninsured deprives him only of financial recovery for disability in excess of his own protection or the intangible loss of pain and suffering. In other words his recovery has been limited to the amount of his protection, which is almost entirely a class of damages called "special

damages." However, the individual may now cover general and special damages if he carries specific protection against loss caused by an uninsured motorist who is at fault.

Although this protection is relatively new in Oregon (November 1956) it is being applied at a rate which indicates that about 50% of policyholders are now covered by this endorsement. This estimate is based on the author's personal interviews with the leading automobile insurance writers in Oregon (Oregon Automobile Insurance Co., Farmers Inter-Insurance Exchange, State Farm Mutual Insurance Co., Allstate Insurance Co., and General Casualty Co.).

It is also significant to consider that the various insurance protections discussed above cover the insured and his family any where in the continent of North America and against loss by financially irresponsible motorists in Oregon and other states, whose financial responsibility can not be controlled by Oregon law.

Legislative reports from such states as Oregon, Massachusetts, New York, New Jersey, California, and Michigan, assume that a great social problem exists because of the financially irresponsible motorist. This assumption may be attributed to a philosophy of governmental assumption of risk accompanied by inadequate publicity and an inadequate understanding of the problem itself. To be explicit panaceas have been advanced before the problem has been defined. The Governor of Oregon recently stated, "During the short time (since January 14, 1957) that my administration has been in office, we have seen litterly thousands of pitiful instances of innocent persons being maimed or killed or their property destroyed by

financially irresponsible motorists. This is a terrible social problem in Oregon."¹ The California legislative committee also made the following opening statement in their report, "A great social problem is posed by the increasing injuries to persons and property caused by the vehicles whose owners are unable to make payment for the injuries caused."²

If proper analysis can be made of data which are significant, relevant and unbiased, the problem of the financially irresponsible motorist need not be veiled with general sweeping conclusions, which presuppose that a problem does exist of the magnitude that requires further action by the state.

The need for future legislation contemplates the existence of a social problem, and also assumes that the state has an obligation to eliminate the problem by making sure that everyone who drives is financially responsible. The author feels that in view of the evidence presented there appears to be no substantial ground for the assumption that a serious social problem exists as respects the financially irresponsible motorist in Oregon.

Those who wish to indemnify the victim through some plan which "closes the gap," have as their philosophy the governmental assumptions of the hazards of life. There has been greater acceptance of this philosophy in recent years. This is evidenced by government subsidies, loans and

¹Johnson, James, "Compulsory Insurance Study," (Saskatchewan, 1958), p. 1.

²California, Senate Committee on Vehicles and Aircraft, p. 5.

various guarantees in many fields of endeavor.

Perhaps we are coming to an era where this cannot be avoided. However, there still abides in the American philosophy the principle that an individual is responsible for his own wrongs and his own personal economic misfortunes. These are his burdens, not the burdens of organized society. This can and should hold true as long as the hardships created by these risks (including the uninsured motorist risk) can be shifted voluntarily from the individual to a group through a system of private insurance.

The objectives of the solution advanced in this chapter will be to make the motorist in Oregon financially responsible. From the various solutions advanced in this report it appears that the financial responsibility law is the most effective way to achieve a high percentage of financially responsible motorists in Oregon because:

1. The problem of the financially irresponsible motorist in Oregon is small.
2. The statute has met with a high degree of success, because 97% of motorists are financially responsible.
3. It appears that only a small percentage of motorists are not financially responsible and legally liable.
4. It may be possible to use the existing statutes as a framework and add provisions aimed at the three per cent who are not financially responsible. This would have several advantages:
 - a. Existing personnel and departments could be retained.
 - b. Existing financial responsibility statutes have been successful and before they are discarded for untried panaceas it may

be well to reappraise the law in the light of the problem today, and pass amendments to close this gap if it is deemed necessary.

c. The present law if kept may result in a saving of time and money over compulsory insurance, unsatisfied judgment funds and compensation plans.

5. There is no guarantee that any other solution could achieve as high a percentage of financially responsible motorists. For example: In New Jersey about 93% of automobiles are insured under the Unsatisfied Judgment Fund Act.¹ New York recognized that compulsory insurance did not solve the problem. In New York 96.5% of motorists involved in accidents prior to the passage of compulsory insurance, were insured. Today it is unknown how many are insured as records such as this are no longer kept.² However, the state officials felt that compulsory insurance was inadequate and not effective in meeting its objective. This is evidenced by the fact that the governor of New York requested and received legislation to solve the problem. On January 1, 1958, legislation was passed amending the compulsory statute that had the same effect as an unsatisfied judgment fund and impoundment provision.³ The Massachusetts commissioner of insurance in 1956 requested that the insurance industry provide uninsured motorists

¹Bambrick, op. cit., p. 4.

²Murphy, Ray, "The Case Against Compulsory Automobile Liability Insurance," an address delivered at the Cleveland Annual Insurance Day, (Cleveland, 1958), p. 10-11.

³New York Legislative Document Nos. 2,3534 (January 8, 1958).

coverage because at least 15,000 uninsured motorists (1% of registered vehicles) were on the highways in Massachusetts. Massachusetts has had a compulsory insurance type law since 1927.

The compensation plan may be expensive to operate in Oregon, and it is extremely doubtful that such a change in social and legal precedents would be tolerated at this time.¹

Suggested Amendments to the Financial
Responsibility Act

Should it be necessary to enact amendments to the financial responsibility statute, they should be proposed in good faith and with the purpose of strengthening the probabilities of obtaining the objectives of the act.

Misdemeanor and Impoundment

Some states make it a misdemeanor to be involved in an accident and be unable to give evidence of financial responsibility, for the current accident. This idea goes one step further than the security type law, in that the motorist has committed a misdemeanor by being a financially irresponsible motorist. Should the motorist fail to comply with this statute, his driving privileges are suspended, and the automobile is immediately impounded. Impoundment laws appear to offer a method of exercising some control over the non-resident financially irresponsible motorist, particularly if the traveler is made aware of the statute and its penalties. The tourist trade

¹Kulp, op. cit., p. 220-227.

ranks high in Oregon's economy. In 1957 5.5% of the motorists involved in accidents were non-residents and 21% of the economic loss discussed in Part One involved out-of-state motorists who were not financially responsible. Mexico, three Canadian provinces, California, and New York have passed impoundment provisions. The objective of a misdemeanor impoundment act would be to increase the number of financially responsible motorists. The only individuals who would be affected would be those unable to prove financial responsibility at the time of an accident. The cost of administration is unknown. However, the financially irresponsible motorist should be assessed as much of the cost as possible.

Enforcement of Suspensions

The present financial responsibility law provides for suspension of driving privileges of the financially irresponsible motorist. The power of the state to take this action acts as a compelling influence for the motorist to be insured or otherwise prove financial responsibility. However, some motorists do not insure, and part of these have their privileges suspended for failure to prove financial responsibility.

There is evidence that some of the motorists who have been suspended have ignored the suspension order and have continued to drive. Such disregard for the law should be treated as a serious offense, if the financial responsibility statute is to be effective. The financially irresponsible individual may have little regard for the financial responsibility statute if he knows that little or no action will be taken if he disregards the law.

The present law leaves the penalty up to the court, subject to a maximum fine of \$500 or 90 days in jail, or both. However, in the 75 cases involving those who were convicted of driving while suspended in this study the majority received penalties under \$100.¹

If suspension orders are to be obeyed, penalties must be severe enough to influence conformity with the law. The general feeling of the authorities in charge of the financial responsibility division is that the penalties imposed are not commensurate to the loss of driving privileges.² One motorist whose driving privileges were suspended, and had been convicted of driving during the suspension period, replied, when asked why he had ignored the order, "I need my car to earn a living. It is cheaper for me to drive and pay the fine than it is to discontinue driving."³

The officials of the motor vehicle department think that too few courts understand the seriousness of this disregard for the law, otherwise higher penalties would probably be imposed by the courts. A proposed compulsory insurance bill expresses the opinion of the motor vehicle department, in Section 52(4), where it states: "The violation of Section (36) (Driving while privileges are suspended) of this act is punishable upon conviction by fine of not less than \$100 nor more than \$1,000, or by

¹Of the 104 cases involving irresponsible motorists (Table BCB) 62 cases received fines less than \$100.

²From an interview with Ken Johnson and Loren Kramer, June, 1958, Salem, Oregon.

³Ibid.

imprisonment in the county jail for not less than thirty days, nor more than one year, or by both." The only individual this type of law would affect is the financially irresponsible motorist, and no additional cost should be involved in administering this type of legislation.

Other Amendments

An amendment to the motor vehicle code which would require an owner of a vehicle also to possess a valid operator's permit could possibly have some control over the unlicensed driver, including the operators whose privileges have been temporarily revoked.

The effect of such a provision would be to prevent an unlicensed person from owning an automobile without a valid registration certificate. The department of motor vehicles has in use now a procedure similar to the suggested amendment, but to be effective the plan should be embodied in a statute, and procedure and policy made an actual part of the motor vehicle code.

The officials of the motor vehicle department are not the only ones to recognize the merits such a plan may have. The legislative committee in Michigan has proposed a similar amendment to their motor vehicle code which includes revocation of motor vehicle registration for the balance of the license period as a penalty for those who allow an unlicensed person to operate a vehicle.¹ The administration costs of this type of plan are

¹Michigan Report No. 3, p. 15.

unknown. However, it is being practiced to a certain degree at the present time and if costs are not prohibitive passage of this type law could possibly reduce the number of unlicensed drivers on the highways of Oregon.

The above suggestions have as their objective the closing of the gap between those who are able to prove financial responsibility and those who are financially irresponsible.

Regardless of the type of plan used, to be effective it must be communicated to the public. This is an area where little has been done in the past by the state agencies. This study has utilized the data that have been kept by the department of motor vehicles, Salem, Oregon. However, the data has been limited because information regarding the economic loss has not been kept for more than one year. It is hoped that this paper will stimulate enough interest so that adequate facts may be recorded in order that the problem of the financially irresponsible motorist may be academically defined. The author would suggest that at least the following data be compiled.

1. Number of automobiles involved in accidents.
2. The number of motorists involved in accidents who fail to comply with the financial responsibility statute.
3. That an analysis of cases suspended for security reasons be made.
4. The number of out-of-state motorists who are financially irresponsible.
5. The amount of evaluated damages which result from financially irresponsible motorists.

This list is not exhaustive, but is set forth only as a guide, for data which the author considers to be necessary to define the problem.

The writer feels that with adequate insurance protection available and effective regulation, such as the present statutes, and such amendments as are necessary, and a public which is well informed as to what their rights and duties are under the law, the problem of the uninsured motorist who is not financially responsible will be kept within tolerable limits.

PART IV.

MADE IN U.S.A.

50% COTTON FIBRE

CRISP FINE BOND

2000

CHAPTER XI

CONCLUSIONS

To summarize, this paper has shown:

1. The depth and scope of the uninsured motorists problem in Oregon by:
 - a. The number of uninsured motorists who are not financially responsible. These numbered 3,382 in 1957.
 - b. The size of the economic loss, subject to some limitations. The economic loss for the period 9-1-57 to 8-31-58 was \$287,992.80. An analysis of each case involving economic loss revealed that 20% of the dollar amount of damages were settled after suspension orders were issued, and that 21% of the amount of economic loss involved non-resident motorists who did not prove to be financially responsible.
2. It appears that 91% of the vehicles involved in accidents in 1957 were covered by automobile liability insurance, with 6% proving financial responsibility in some other way by making deposits, filing releases, or making settlement agreements.
3. That 3% of the motorists involved in accidents in 1957 were not able to prove financial responsibility, when requested to do so by the Department of Financial Responsibility Division of the Motor Vehicle Department.

4. Since vehicle accident reports are not available to the public, or the author, only an estimate could be made as to the percentage of financially irresponsible motorists who also were legally obligated to compensate the damaged party. This estimate indicates that the number of legally liable financially irresponsible motorists may be one to three per cent of the motorists involved in accidents.
5. The economic loss does not appear to be large when compared to (1) personal income, (2) insured losses, and (3) civilian labor force in Oregon.
6. The amount of damages involving the financially irresponsible motorist appear to be less than \$250 in 56% of the cases studied.
7. The amount of personal injury damages are 22% of the economic loss. Therefore it appears that the majority of claims are for property damage. Adequate means are currently available for covering the property damage loss.
8. A survey of various panaceas to the solution of this problem indicates that (1) the objectives of the solutions vary, and (2) they all appear to have weaknesses and shortcomings.
9. It appears that the present safety financial responsibility act is effective when viewed within its objectives (97% of motorists prove to be financially responsible). However, it may be possible to strengthen the law by amendment if necessary.
10. The public needs to be informed of their rights and duties under any solution.

11. Regardless of the solution advanced it appears that there may be an irreducible minimum of loss caused by uninsured motorists and that no plan yet advanced has been 100% effective.
12. Further research is necessary in order to (a) justify any major change in the present system, and (b) provide representative data which will validate a conclusion.

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APPENDIX

Methods Used in This Study

The method used in analyzing the size of the economic monetary loss in Oregon was done on an individual case file basis.

Each file contained the date of accident, owner of the automobile, driver of the automobile, amount of evaluated damages, suspension orders to the state police, address of the motorist, if known, driving record, and miscellaneous correspondence.

The out-of-state motorists were determined by the address given in the file. The classification "Unable to locate" was determined by (1) the written memorandum from the state police officer indicating that the party in question could not be found, (2) notations in the file that no record of such an address was known, and (3) records revealed that the party had moved and left no forwarding address. This classification appeared to have a substantial number of unlicensed drivers in its ranks.

Minors were determined from the driving record which indicated the age of the motorist.

The motorist who ignored the suspension order, or who appeared to be irresponsible was determined from the accident and conviction record contained in the driving record. Driving records were not available on out-of-state or unlicensed motorists.

Judgment proof motorists could only be classified as such when overwhelming evidence indicated their inability to pay for the damages. Such evidence often was (1) a letter from the damaged party to the effect that the uninsured motorist was not able to pay, (2) judgments which remained unsatisfied.

Miscellaneous is for all cases not in one of the other categories.

The dollar amount of evaluated damages was recorded from each case and classified as to one of the above categories.

The damages were also recorded as to property damage other than vehicle, motor vehicle, and personal injury.

The summary of the daily record of the Department of Financial Responsibility is shown below, as Table A. Table 1-B was derived from this summary with the exception of the number of motor vehicle registrations which was taken from below.

Table C reveals how the irresponsible motorist was classified by the author (1) on the basis of the motorists driving record, (2) on the conviction of driving while licenses were suspended.

TABLE A

SUMMARY OF THE DAILY RECORD OF THE DEPARTMENT OF
FINANCIAL RESPONSIBILITY
1952 TO 6-30-58

	1952	1953	1954	1955	1956	1957	1-1-58 to 6-30-58
Total No. Vehicles							
Involved in Accidents	117,140	128,466	100,537	121,183	128,001	108,801	47,746
No. of Vehicles Having Insurance	95,226	91,841	74,607	93,503	105,688	99,906	46,386
No. of Vehicles not Having Insurance	21,914	36,627	25,930	27,680	22,329	10,095	3,360
Percent of Vehicles Insured	82%	72%	75%	77%	83%	91%	94%
Motor Vehicle Registrations Suspended for Failure to give Evidence of Financial Responsibility, Deposit Security, or File a Release or Settlement Agreement	13,335	11,407	12,748	12,384	17,144	14,897	6,524
Motor Vehicle Registrations Reinstated Because of Proof of F.R., Deposit Made, or Release filed or Settlement Made	6,141	4,663	5,091	6,153	10,542	11,515	5,065
No. of Motor Vehicle Registrations Remaining Suspended	7,214	6,744	6,657	6,231	6,602	3,382	1,459
Failure to Report Accident	94	29	0	2	5	0	0
Suspended for hit and run, Neg. Homicide, stolen auto., etc.	1	2	25	35	53	30	9

Source: Department of Motor Vehicles, Salem, Oregon.

TABLE B
MOTOR VEHICLE REGISTRATIONS

Year	Passenger Vehicles	Buses	Trucks	Trailers*	Motorcycles	Total Registrations
1940	358,539	692	38,749		1,833	399,813
1950	625,084	3,010	83,593		6,733	718,420
1951	621,149	3,357	88,191		6,031	718,728
1952	638,749	1,619	86,077		5,822	732,627
1953	665,494	1,686	89,986		5,440	762,606
1955	737,745	1,488	78,524		5,427	823,184
1956	725,649	1,532	68,973	30,699	5,305	832,128
1957	746,858	1,422	71,283	33,942	5,526	859,031

*Heavy trailer and trailer coach registrations included in truck registrations prior to 1956

Source: Department of Motor Vehicles, Salem, Oregon.

TABLE C

MOTORISTS WHO IGNORED SUSPENSION OF LICENSE ORDERS OR
APPEARED TO BE IRRESPONSIBLE DUE TO DRIVING RECORDS

Convicted of Driving on a Suspended License		Accident and Conviction Record 20 Uninsured Drivers	
No. Times Convicted	No. Uninsured Drivers	Accidents	Convictions
1	29	1. 13	4
2	18	2. 18	30
3	16	3. 17	40
4	11	4. 17	4
5	5	5. 7	14
6	3	6. 17	18
7	2	7. 8	10
		8. 9	13
		9. 18	4
		10. 20	5
		11. 17	14
		12. 6	20
		13. 35	15
		14. 11	3
		15. 11	13
		16. 6	16
		17. 7	21
		18. 15	8
		19. 20	6
		20. 8	9
TOTAL:		84 Drivers	20 Drivers
TOTAL IRRESPONSIBLE DRIVERS: 84 + 20 = 104			

Source: Department of Motor Vehicles, Salem, Oregon.

Typed By: Mrs. James W. Gilbert