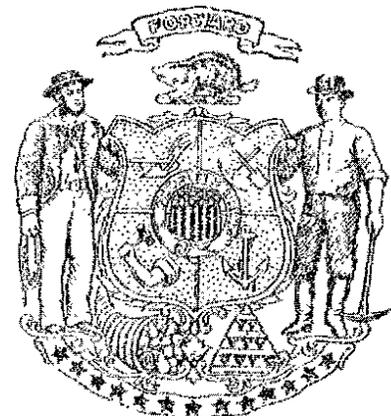

The State of Wisconsin

COMPULSORY AUTOMOBILE INSURANCE

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COMPULSORY AUTOMOBILE INSURANCE*

HIGHLIGHTS

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1. The insurance industry estimates that about 83% of all motorists are insured, but a sizeable number of financially irresponsible drivers are always with us. One method for the public to protect itself is to enact a compulsory automobile insurance law 1
2. Three states have enacted compulsory insurance laws. Massachusetts was first, in 1925; New York and North Carolina followed in 1957 1
3. A comparison of the 3 compulsory laws reveal marked differences in such areas as applicability, coverage, geographical limitations and administration. 1
4. Legislative attempts to provide compulsory insurance in Wisconsin date back to 1923. About 15% of the drivers involved in state accidents in 1965 were uninsured (17% in 1964) 3
5. Under Wisconsin law, a driver is not required to show proof of financial responsibility until after being involved in an accident or certain serious violations. 3
6. There are persuasive arguments favoring and opposing the adoption of compulsory insurance. Those who oppose the plan claim it will bring higher rates, political meddling, losses to insurance companies and prove cumbersome and costly to administer 8
7. Proponents of the plan deny these claims, or say any past mistakes need not be repeated elsewhere. Compulsory insurance promises to go directly to the problem, whereas present indirect methods have failed to provide the protection the public needs 9

* Prepared by Dick Pazen, Research Analyst.

COMPULSORY AUTOMOBILE INSURANCE

INTRODUCTION; BACKGROUND OF THE PROBLEM

The problem of the financially irresponsible motorist has been with us since the automobile ceased to be a rich man's toy. Current insurance industry estimates indicate that about 83% of all motorists in the United States are insured, but a sizeable number of drivers persist in operating without automobile liability insurance. While some uninsured drivers may have other financial resources, it seems a fair assumption that most are financially irresponsible. Lacking the ability to make good on judgments against them, they constitute a continuing threat of financial disaster for the rest of the motoring public.

Legislative approaches to the financially irresponsible motorist problem include: (1) Financial responsibility laws; (2) Unsatisfied judgment funds; (3) Impoundment acts; (4) Scheduled compensation plans; (5) Mandatory uninsured motorist coverage; and (6) Compulsory insurance. Our purpose in this study is to examine the latter.

Compulsory liability insurance laws require all owners of motor vehicles to prove and maintain financial responsibility as a condition for registering and continuing registration.

The first recorded enactment relating to financial protection against damages caused by motor vehicle accidents was adopted in San Francisco prior to 1915, but it was not until the mid-1920's that laws of broader application were created. While attacked as being in violation of state and federal constitutional provisions, the courts have upheld such laws as a valid exercise of the state's police power to discourage careless driving and to mitigate its consequences (for court decisions upholding compulsory insurance laws, see 7 American Jurisprudence 2nd, Automobile Insurance, Section 5, 1963).

In 1925, the National Conference of Commissioners on Uniform State Laws appointed a committee to draft a uniform compulsory insurance law. By 1929, the committee abandoned the effort, deeming it neither feasible nor acceptable at that time.

LEGISLATION IN OTHER STATES

Three states currently have across-the-board compulsory automobile liability insurance. In 1925, Massachusetts became the first and, for 30 years, the only state to have enacted such a law. The effective date of the Massachusetts law was January 1, 1927. New York and North Carolina followed in 1957. In addition, Connecticut, Maryland and Rhode Island have compulsory insurance laws that apply only to minors. Many states single out classes of motor vehicles (trucks, busses, taxicabs, rental cars, etc.) and compel liability insurance coverage. Presumably, this is because they utilize the highways for profit and therefore owe a special duty to the public interest greater than that of the ordinary driver.

COMPARISON OF COMPULSORY LAWS

Applicability

- Mass.---All owners of motor vehicles registered in state and owners of motor vehicles operated in state for more than 30 days in any year.
 N.Y.----All owners of motor vehicles registered in state and all owners and operators of motor vehicles used in state, resident or nonresident.
 N.C.----All owners of motor vehicles registered in state.

Geographical Limitations on Coverage

- Mass. ---Highways of Massachusetts and to places where public has right of access.
- N.Y. ----United States and Canada.
- N.C. ----United States and Canada.

Coverage (liability insurance minimum)

- Mass. ---\$5,000/\$10,000 for bodily injury (guest occupant coverage excluded) prescribed by statute.
- N.Y. ----\$10,000/\$20,000 for bodily injury and \$5,000 for property damage prescribed by regulation.
- N.C. ----\$5,000/\$10,000 for bodily injury and \$5,000 for property damage, as defined in Financial Responsibility Law.

Termination and Registration

- Mass. ---All policies coterminous with registration period and owner must file certificate of insurance prior to registration or renewal.
- N.Y. ----Policy need not be coterminous with registration; owner must file certificate of insurance, but after first year, statement by applicant that policy is in effect is acceptable proof for renewal.
- N.C. ----Policy need not be coterminous with registration, and owner must file certificate of insurance,

Notice of Cancellation or Termination

- Mass. ---20 days' notice, with reasons, to other party and to Registrar; subject to review by Board of Appeal.
- N.Y. ----20 days' notice (10 days in case of nonpayment of premium) to other party; Commissioner to be notified within 30 days of effective date.
- N.C. ----15 days' notice to insured and to Department prior to cancellation.

Expenses of Administration

- Mass. ---Financed out of general fund.
- N.Y. ----Commissioner of Insurance assesses the cost among insurance companies doing business in the state on the basis of volume written.
- N.C. ----Financed out of general fund.

Penalties

- Mass. ---Fine of \$100 to \$500 or imprisonment for one year.
- N.Y. ----Punishable as misdemeanor by fine of \$100 to \$1,000 and/or imprisonment for one year plus revocation (residents).
- N.C. ----Punishable as misdemeanor by fine of \$10 to \$50 or 30 days imprisonment,

Ratemaking

- Mass. ---Insurance Commissioner has complete power to set rates.
- N.Y. ----Rates made by insurers, either individually or through rating organizations, subject to approval of Insurance Superintendent (This results in some rates being lower than others).

Ratemaking (Continued)

N.C. ---- Insurers are required by law to act in concert through a company-operated rating bureau, subject to approval of Commissioner, and must provide for a merit rating plan to reward good drivers.

WISCONSIN'S EXPERIENCE

Wisconsin has a long history of legislation attempting to provide a form of relief against the uninsured driver, including many proposals that would require compulsory insurance. The first compulsory insurance bill was introduced in 1923 and the most recent in the 1965 session. A list of all bills introduced in the Wisconsin Legislature pertaining to this topic follows at the end of this section.

According to the Wisconsin Insurance Department, there is no official estimate of the per cent of drivers in the state that have liability coverage. Various private insurance companies have made educated guesses that range between 80% and 90%, but there is no way to verify the figure. The Motor Vehicle Department reported that in 1965 approximately 15% of the drivers involved in accidents in Wisconsin had no liability coverage (17% in 1964). As the law now stands, unless a person has an uninsured motorist endorsement as a rider to his own policy, there is no way for an individual involved in an accident with an uninsured motorist in Wisconsin to collect damages other than a personal suit against the other individual involved. New law enacted by the 1965 Legislature (Chapters 568 and 598) requires uninsured motorist endorsements to be offered with all automobile liability policies in Wisconsin. The insured, however, has the right to reject such coverage. While this would appear to decrease the need for compulsory insurance, it is argued that coverage of this type puts the responsibility on the wrong person.

The Wisconsin Legislative Council made a very intensive study of automobile accidents and insurance in 1953. Although dated, much of this material is valid today. At that time, the Council did not recommend the adoption of compulsory automobile insurance and concluded in their final report that:

"A compulsory law will increase insurance rates for everyone. When insurance is made compulsory, all substandard risks must be given coverage unless the licensing authorities remove them from the highway. This is most difficult to do even with a good driver control program. Politics can easily enter the picture to prevent the denying of coverage to undeserving drivers. Accident frequency goes up with the inclusion of substandard risks. The cost must similarly rise." Wisconsin Legislative Council Report-1953: Conclusions and Recommendations of the Motor Vehicle Accidents Committee, (Vol. II, Pt. 1, p. 52)

To a limited degree Wisconsin now has compulsory liability coverage, because the state requires that under certain circumstances an operator must submit proof of ability to respond in damages for liability on account of accidents. However, an individual is not required to show proof of financial responsibility until after being involved in an accident or certain serious violations. These provisions are contained in Chapter 344 of the 1965 Wisconsin Statutes ("Financial Responsibility").

Briefly, the law provides that when a traffic accident occurs resulting in either fatal or nonfatal personal injury, or combined property damage totaling more than \$100, the driver or drivers involved must report such accident immediately to the local law enforcement authority and submit a written report within 10 days to the Motor Vehicle Department. At that

time, the driver must file with the department proof that he was protected at the time of the accident by automobile liability insurance with \$10/20/5,000 minimum limits. If the driver involved is not insured, excluding certain exceptions, such as, the auto was legally parked or operated without permission, the driver has the following alternatives:

1. Deposit securities, cash or post bond in amount determined by the Motor Vehicle Department;
2. File a release with the Motor Vehicle Department signed by the other parties involved relieving the driver from any liability in the accident;
3. Suffer suspension of driving privileges and surrender vehicle registration plates.

Drivers convicted of certain serious offenses, such as driving while intoxicated, must provide financial responsibility for the future as a condition prior to getting their license back after the period of mandatory revocation.

Because of the fact that they have proved to be unsafe drivers, individuals who must file future proof usually resort to the Wisconsin Assigned Risk Plan to obtain coverage at increased premium costs; as few companies will write this protection voluntarily. Under the Assigned Risk Plan (Section 204.51 of the 1965 Wisconsin Statutes), applicants for insurance who are unable to secure coverage through ordinary methods are apportioned equitably among the insurance companies doing business in the state. Rate modifications, subject to approval of the Commissioner of Insurance, are permitted.

BILLS INTRODUCED IN THE WISCONSIN LEGISLATURE TO PROVIDE
COMPULSORY AUTOMOBILE INSURANCE; 1923-1965

1923 Assembly Bill 206 (Pedersen) -- Provided that the owner of a motor vehicle should submit an affidavit that he had procured \$1,000 or more of liability insurance before motor vehicle license would be issued. Insurance companies should notify Secretary of State of cancellation of any policy, and thereupon the Secretary of State would revoke motor vehicle license. Indefinitely postponed.

1923 Senate Bill 256 (Titus) -- Required owner of motor vehicle to submit a \$2,000 liability insurance policy or proof of ownership of \$2,000 worth of unincumbered property in this state before a motor vehicle license would be issued to him. Indefinitely postponed.

1925 Assembly Bill 289 (Brooks) -- Provided that the owner of a motor vehicle should submit an affidavit that he had procured liability insurance not less than \$5,000 for one person injured and not less than \$10,000 for one accident before a motor vehicle license would be issued. Required insurance companies to notify Secretary of State of cancellation of policies. Upon notification of cancellation, the Secretary of State revoked motor vehicle license. Returned to author.

1925 Senate Bill 82 (Titus) -- Same as 1923 Senate Bill 256. Indefinitely postponed.

1925 Senate Bill 182 (Padway) -- Provided that no vehicle should be registered unless the applicant filed with the Secretary of State a personal bond with at least 2 sureties, a corporate bond or a policy of insurance in the sum of \$1,000. Passed by Senate 17 to 13; Assembly nonconcurrent 41 to 21.

1927 Assembly Bill 121 (Gehrmann) -- Provided that before a certificate of registration was issued the owner of a motor vehicle must file evidence with the Secretary of State that he had procured a motor vehicle liability and property damage policy covering the operation of such vehicle, with limits of \$5,000 to any one person and \$10,000 for any one accident in cases of injury to persons and of \$1,000 in cases of damages to property. Such

insurance to be carried with private insurance companies. In lieu of insurance a motor vehicle owner might file a statement with the Secretary of State establishing that he was the owner of at least \$10,000 of unincumbered property exempt from execution. Indefinitely postponed.

1927 Assembly Bill 136 (Schauer) -- Same provisions as 1927 Assembly Bill 121 except that insurance required was limited to \$1,000 for both injuries to persons and injuries to property, and that the amount of unincumbered property required to be scheduled to secure exemption from insurance was \$2,000. Indefinitely postponed.

1927 Assembly Bill 623 (A. J. Miller) -- Required all motor vehicle owners to establish that they were carrying a personal liability and property damage policy, with limits of at least \$5,000 for any one person and \$10,000 for any accident for personal injuries and of \$1,000 for property damage, before applicant could secure an automobile license. Such insurance to be carried either with private insurance companies, or with the state automobile liability fund created in this bill. This state automobile liability fund would be a state-owned and state-operated automobile insurance company. Initial rate of insurance in state automobile liability fund, \$20 for passenger cars of 2,400 pounds or less, \$25 for cars weighing between 2,400 and 4,000 pounds and \$30 for heavier passenger automobiles, with higher rates for trucks, taxis, buses, etc. These initial rates to be raised or lowered after first year in accordance with the experience in this state. Indefinitely postponed.

1927 Senate Bill 112 (Gettelman) -- Created a state automobile liability fund with which all automobile owners were required to insure before being granted an automobile license. Policies required to have limits of \$5,000 to any person and \$10,000 for any accident for personal injuries and of \$1,000 for property. Fund to be administered and rates to be fixed by the Commissioner of Insurance. Indefinitely postponed.

1927 Senate Bill 185 (Polakowski) -- Provided a system of indemnity to persons in motor vehicle accidents along the lines of the workmen's compensation act. Owners of motor vehicles to insure their liability with state fund created by bill. Indefinitely postponed.

1929 Assembly Bill 456 (Woller) -- Provided that before a certificate of registration would be issued the owner of a motor vehicle must file a \$1,000 liability bond or liability insurance policy with the Secretary of State. Provided for revocation of motor vehicle registration if the owner's bond or policy expired during the year. Indefinitely postponed.

1929 Senate Bill 67 (Polakowski) -- Similar to 1927 Senate Bill 185. Indefinitely postponed.

1931 Assembly Bill 169 (Slagg) -- Required the filing of a \$2,000 liability bond or insurance policy before motor vehicle registration would be issued. Provided for revocation of registration upon expiration of bond or policy. Fine of \$25 to \$100 or imprisonment of 30 days. Indefinitely postponed.

1931 Assembly Bill 275 (Hilker) -- Required a sufficient bond or insurance policy (amount to be determined by Secretary of State) to be on file as a motor vehicle registration requirement. Revocation of registration upon expiration of bond or policy. Fine of \$50 to \$500 or six months. Indefinitely postponed.

1931 Senate Bill 31 (Polakowski) -- Identical to 1929 Senate Bill 67. Indefinitely postponed.

1931 Senate Bill 171 (Hall) -- Required the filing of a \$5,000 bond or liability insurance policy for damage to one person and \$10,000 bond or liability insurance policy for damage in one accident as a requirement of motor vehicle registration. Exempted police and fire protection vehicles of municipalities. Provided for a fine of \$50 to \$100 and imprisonment of 60 days to 6 months. Indefinitely postponed.

1931 Assembly Joint Resolution 26 (Busby) -- Provided for a referendum in April 1932 on the question "Shall a law be enacted providing for compulsory automobile insurance?" Indefinitely postponed.

1933 Senate Joint Resolution 94 (Shearer) -- Created an interim committee composed of 3 senators and 3 assemblymen to study problem of compulsory automobile insurance. Adopted. Enrolled Joint Resolution 97.

1935 Assembly Bill 383 (Sigman and Olson) -- Provided for compulsory automobile liability insurance. Issuance of motor vehicle registration license contingent upon owner submitting to Secretary of State evidence of having \$1,000 of liability insurance. Indefinitely postponed.

1935 Senate Bill 176 (Severson) -- Identical to 1935 Assembly Bill 383. Indefinitely postponed.

1935 Senate Joint Resolution 39 (Shearer) -- Continues the Interim Committee on Compulsory Automobile Insurance, created by Senate Joint Resolution 94, of the 1933 regular session, until the close of the 1935 session. Adopted. Enrolled Joint Resolution 43. (see page 1830 of the 1935 Senate Journal for committee report)

1939 Assembly Bill 43 (Bichler) -- Provided that a \$2,000 liability bond or insurance policy must be filed and maintained with the Secretary of State before a motor vehicle license should be issued to the owner. Action incomplete due to sine die adjournment.

1941 Assembly Bill 322 (Bichler) -- Required \$1,000 property insurance and \$5,000 and \$10,000 personal liability insurance before issuance of motor vehicle license. Action incomplete due to sine die adjournment.

1941 Assembly Bill 423 (Hilker) -- No vehicle to be registered unless a \$2,000 bond or insurance policy was filed by the owner to cover damages which might arise from negligent operation of the vehicle. Action incomplete due to sine die adjournment.

1943 Senate Bill 271 (Hilker) -- Required insurance in the amount \$5/10/1,000 as prerequisite to motor vehicle registration. Indefinitely postponed.

1943 Assembly Bill 216 (Feirstein) -- Required insurance in the amount of \$5/10/1,000 as a prerequisite to motor vehicle registration. Indefinitely postponed.

1943 Assembly Bill 337 (Rohan) -- Related to motor vehicle financial responsibility and required proof for registration. Indefinitely postponed.

1945 Assembly Bill 55 (Rundell) -- Required insurance in the amount of \$5/10/1,000 as prerequisite to motor vehicle registration. Returned to author.

1951 Senate Bill 328 (Schlabach) -- No automobile license to be issued under Chapter 85 without applicant's proof of coverage by public liability insurance in amount not less than \$20,000; policy cancellations required voiding and collection of license; violations to be punished by fines, imprisonment, or both. Indefinitely postponed.

1951 Senate Bill 343 (Gettelman) -- No motor vehicle shall be registered until proof of financial responsibility was furnished. Indefinitely postponed.

1951 Assembly Bill 400 (C. A. Peterson) -- With certain exceptions no vehicle to be registered without filing of bond or insurance policy to cover death, injury, and property damage; cancellation of bond or policy would lead to cancellation of registration unless new bond or policy was filed; violations punished by fines, imprisonment, or both; certain risks required to be accepted by designated insurers, with all other insurers required to be reinsurers; casualty rates not raised without state approval; insurers must accept risks and reinsurance provisions of this act, to do business in Wisconsin. Indefinitely postponed.

1953 Senate Bill 655 (Committee on Legislative Procedure) Directed Legislative Council to make a study of various aspects of motor vehicle insurance coverage. Became Chapter 332, Laws of 1953.

1955 Assembly Bill 435 (Riehle) -- Made liability insurance coverage with minimum limits of \$15/30/5 compulsory for all vehicle owners. Indefinitely postponed.

1955 Assembly Bill 596 (Romell) -- Required compulsory inspection and insurance in the amount of \$15/30/5 for all motor vehicles. Indefinitely postponed.

1955 Senate Joint Resolution 113 (Panzer) -- Urged Insurance Commissioner to initiate conferences with insurance companies to establish insurance on all motorists. Adopted.

1957 Assembly Bill 339 (Mertz and Riehle) -- No certificate of registration or renewal shall be issued prior to the filing of proof of financial responsibility as provided in Chapter 85 of the statutes. Indefinitely postponed.

1959 Assembly Bill 4 (Belting) -- Similar to 1957 Assembly Bill 339. Indefinitely postponed.

1961 Senate Bill 331 (Cameron) -- Any licensed driver under 25 years of age must file proof of financial responsibility as provided by statute. Indefinitely postponed.

1961 Assembly Bill 696 (Riehle) -- No certificate of registration or renewal shall be issued prior to the filing of proof of financial responsibility as provided by statute.

1965 Assembly Bill 621 (Riehle, Mertz, Bolle, Lipscomb and Atkinson) -- Similar to 1961 Assembly Bill 696. In Assembly committee when the Legislature adjourned.

PROS AND CONS OF COMPULSORY INSURANCE

The whole question of compulsory insurance invariably becomes a question of rates. Not only is data regarding experience as to rates difficult to locate, but so many direct and indirect factors affect the cost of liability insurance that any comparison must be treated with caution. Rapidly increasing rates is a trend that is national in character. Whether or not rates are climbing faster in the 3 states with compulsory insurance is difficult to judge because of the many variable factors existing in each state which form the basis for rate determination.

In any case, those opposing the adoption of compulsory insurance claim that it results in higher rates than voluntary plans because of higher costs brought about by greater claims frequency. Claims will increase because of the inclusion of substandard risks and excessive claims consciousness. Thus, the already insured driver will pay more for his coverage.

Those favoring adoption deny the validity of these conclusions, saying insurance industry opinion is that uninsured drivers are no better or no worse risks than insured drivers. This being true, there is no reason why insurance rates should be changed solely because some additional insureds are brought into the picture.

The principal arguments for and against compulsory insurance follow.

Arguments Against Compulsory Insurance:

1. Compulsory insurance inevitably leads to political pressures on the structure of insurance coverage, premiums, profits and commissions. As a result, both the insurers and the insureds get financially squeezed. Massachusetts is a good example of this situation.
2. Insurance companies are unjustly penalized by various adverse effects of compulsory insurance. Compulsory plans force some companies to write auto insurance at a loss in order to stay in the state for other types of business, tend to restrict markets, eliminate competition, reduce agent commissions, bring about rigidity and uniformity which retards progress in forms of coverage, and causes unsound underwriting practices by insuring undesirable risks.
3. Compulsory insurance will lead to a state insurance fund for writing automobile liability insurance. When every motorist is required by the state to carry insurance, it will not be long before the people reply, "All right, but you write it for us at cost." Indeed, political influences in ratemaking may financially squeeze free enterprise insurance companies to the point where they can no longer write automobile liability coverage.
4. Compulsory insurance and the knowledge that everyone else is insured brings excessive claims consciousness and acts as an inducement to file a claim on the slightest provocation or even with no grounds at all. These exaggerated and often fraudulent claims greatly increase litigation, cause court congestion and inevitably result in higher rates. Massachusetts has the highest bodily injury claims rate in the nation.
5. The administration of a compulsory program has proved to be a cumbersome and very costly affair. The high degree of failure to comply with the compulsory laws by the insurance dodger has created a real enforcement problem. The North Carolina Motor Vehicle Department estimates that 100,000 to 200,000 drivers still operate cars without the mandatory coverage. In New York, some 4,000 uninsured drivers were involved in accidents in one year. Obviously, the wilful evaders manage to operate in great number.
6. The American spirit and tradition is fundamentally opposed to the compulsive features of the plan. The many are compelled to assume burdensome requirements and costs in order to force the few who are not properly motivated to insure. Compulsion of any kind is another step toward the regimentation of our citizens, at the price of freedom.
7. Adoption of compulsory insurance in a state where a large percentage of motorists are already voluntarily insured would result in less rather than more protection for accident victims because of the tendency of persons to carry only the statutory minimum amounts of insurance. Because of exclusions, compulsory insurance offers incomplete coverage and does not provide protection in many common situations (see especially, Massachusetts). In addition, experience in Massachusetts indicates a steady policy erosion as drivers are required to insure against fewer risks (that is, there is less coverage) so that rates can be held down to politically acceptable levels.
8. Compulsory insurance has not accomplished its stated objective of providing 100% security for those with just and legal claims. To close the gaps, New York

has found it necessary to require a mandatory uninsured motorists provision in automobile liability policies and to create an unsatisfied claim and judgment fund. Similarly, Massachusetts enacted an uninsured motorist endorsement law in 1966. Massachusetts Governor John Volpe, in a special message to the Legislature, asked for repeal of compulsory insurance, saying:

"The public, by its sustained protests, has shown considerable dissatisfaction and lack of confidence in the present compulsory system." (Insurance Advocate, July 2, 1966)

Arguments Favoring Compulsory Insurance

1. Compulsory insurance need not become a political football. Although ratemaking is not an exact science, it is, nevertheless, a science and can be kept out of politics. New York, for instance, reviewed rates set by individual companies under the competitive system before enactment of compulsory insurance. This procedure was left undisturbed. If a state already has a high proportion of drivers insured on a voluntary basis, the addition of the remaining small percentage need not bring political meddling.
2. All just claims should be paid. The payment of justified claims and the elimination of unrecompensed losses resulting from auto accidents is the main function of insurance. Besides, in a state where voluntary coverage is high, the addition of a relatively small percentage to the ranks of the insureds will not bring about any marked change.
3. Exclusions, administrative weaknesses and procedural objections found in existing compulsory insurance laws can be corrected in new legislation. Since Massachusetts has had the plan the longest, much criticism is leveled at the particular Massachusetts experience. These experiences need not be repeated elsewhere. Granted, no law can be 100% effective. The wilful violator is inevitable. This is not to say, however, that a law cannot be drafted to reduce violations to a minimum and provide recourse to those injured through the negligence of the law violator. As with all violators, enforcement is the answer.
4. Compulsory insurance might stimulate some public demand for a state insurance fund, but it is interesting to note that, after nearly 40 years of experience, Massachusetts has not created such a fund. Action which is otherwise desirable should not be refrained from because of the apprehensions of one special interest group as to future--and purely speculative--events. No state auto insurance fund would be necessary, provided the insurance industry is willing and able to serve adequately the public needs.
5. Compulsory insurance need not have a detrimental effect on insurance companies. If rates are set at levels that will assure reasonable operating profit, the existing system for marketing and servicing insurance can remain unchanged. The insurance producer will continue to perform those activities for which he is now being compensated, and there is no reason why this compensation should be affected by the enactment of compulsory insurance. The public does not now choose between policies on the basis of price alone. As for the insuring of undesirable risks, this would simply be an extension of current practices where such risks are provided insurance under the assigned risk plan.

6. Compulsion is an element that is inherent in any plan to combat the financially irresponsible motorist. Compulsory insurance provides a direct answer while other schemes are covert methods of forcing motorists to have insurance. If it is wise to establish financial responsibility after an accident, why not before? Only through a compulsory plan will there be any substantial elimination of the possibility of lack of compensation for wrongful injuries in automobile accidents. The public deserves and should command complete protection. Financial and safety responsibility laws have been found to be inadequate. The average driver already assumes, sometimes to his sorrow, that nearly all drivers are insured. Existing laws are insufficiently persuasive to induce a certain hard core of motorists to carry insurance or to make equivalent provisions. No amount of indirect persuasion will ever be sufficient to overcome the reluctance of this small, but troublesome, percentage. The welfare of all the people must come before the freedom of a few. In view of our disastrous highway record, a decision must be made as to which fundamental freedom must give way. The courts have held that a state's police power to control its highways in the public interest takes precedence over the individual's right not to buy insurance.

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**While many other sources were utilized, these publications were particularly helpful.