

Approved February 6, 1992
Date

MINUTES OF THE House COMMITTEE ON Insurance

The meeting was called to order by Representative Turnquist at
Chairperson

3:40 ~~xxx~~/p.m. on Tuesday, February 4, 1992 in room 531 N of the Capitol.

All members were present except:

Rep. Campbell, excused.

Rep. Welshimer, Excused.

Rep. Gilbert, excused.

Rep. Sebelius, excused.

Committee staff present:

Mr. Fred Carman, Revisor

Mr. Chris Courtwright, Research

Mrs. Nikki Feuerborn, Secretary

Mr. Mark Hunter, Intern

Conferees appearing before the committee:

Mr. Terry Tiede, Insurance Department

The meeting was called to order at 3:40 p.m. by Chairman Turnquist.

Hearing on HB 2754

Mr. Terry Tiede of the Insurance Department appeared as a proponent of the bill. (See Attachment 1). This bill would amend the statutes governing the transaction of excess coverage business in Kansas. Excess coverage is insurance written through specially licensed agents in insurers that are not admitted to do business in Kansas. They are included on the "approved list" if they meet certain standards. This bill recommends three additional reasons an insurer may be removed from this list:

1. Its authority to transact business has been restricted by any other state;
2. It has failed to promptly and equitably settle claims; and
3. It has refused to cooperate or comply with reasonable regulatory requirements in addition to the reasons already contained in the law.

No opponents appeared.

Hearing on HB 2771

Mr. Terry Tiede of the Insurance Department appeared as a proponent of the bill. (See Attachment 2). This bill would make four changes to the statutes governing insurance agents that were enacted in 1988.

1. Provides for an automatic suspension of the agents license or licenses and a monetary penalty for noncompliance of providing proof of completion of continuing education requirements.
2. Reduces the time continuing education attendance records must be retained.
3. Suggests that the designation of variable contracts as a separate class be deleted thereby eliminating one examination now required.
4. Penalty language for noncompliance of certification of an agent within 15 days of the time they become a representative of the company to be changed to "not more than \$25 per calendar day ..."

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Insurance,
room 531 N Statehouse, at 3:40 ~~am~~ p.m. on Tuesday, February 4, 1992

Representative Wells requested the Research Department to find out the procedures for relicensing, continuing education requirements, and penalties for securities and real estate agents

There were no opponents to HB 2771.

Discussion of SB 217 - Mature Driver Program. Mr. Bill Sneed presented copies of the Annual Tabulations of Mature Driver Program Driving Record Comparisons - 1991 as presented to the Legislature of the state of California. (See Attachment 3). The study found that MDI (Mature Driver Improvement) graduates had significantly lower unadjusted and statistically adjusted rates of fatal/injury accidents and total convictions than comparison drivers during the first 6 months following course completion.

Representative Henry Helgerson provided the committee with copies of a message from the AARP requesting mandated discounts for drivers taking and passing the 55 Alive program. (See Attachment 4).

Representative Neufeld presented a balloon version of SB 217 and moved we adopt SB 217 with amendments which included making this mandated discount open to all age driver. He also requested the revisor to make technical changes in the bill as required. (See Attachment 5). Representative Helgerson seconded the motion. Motion carried.

Representative Sprague moved to amend the bill to include the requirement for such a discount to include not having been convicted of more than one moving violation for the past two-year period. Representative Neufeld seconded the motion. Motion carried.

Representative Sprague moved for the favorable passage of SB 217 with amendments. Representative Helgerson seconded the motion. Motion carried.

Representative Helgerson moved for the adoption of the minutes of the January 29, 1992 meeting. Representative Flower seconded the motion. Motion carried.

The meeting adjourned at 4:20 p.m.

Testimony by
Terry Tiede, Kansas Insurance Department
Before the House Committee on Insurance
House Bill No. 2754

House Bill No. 2754 suggests amendments to the statutes governing the transaction of excess coverage business in Kansas. Excess coverage is insurance written through specially licensed agents in insurers that are not admitted to do business in Kansas. As a result, the performance of these products is basically regulated through the selling agent and reliance on the fact that excess lines coverage is generally purchased by sophisticated buyers. However, there is also some consumer protection which flows from provisions in these statutes that permit such insurers to be included on an "approved list" if they meet certain standards. There are also provisions which permit the removal of such insurers from the "approved list" for certain reasons.

House Bill No. 2754 recommends three additional reasons an insurer may be removed from the "approved list". Specifically, if House Bill No. 2754 is enacted, the Commissioner would be able to remove a non-admitted insurer from the "approved list" if: (1) its authority to transact business has been restricted by any other state; (2) it has failed to promptly and equitably settle claims; and (3) it has refused to cooperate or comply with reasonable regulatory requirements in addition to the reasons already contained in the law.

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Testimony by
Terry Tiede, Kansas Insurance Department
Before the House Committee on Insurance
House Bill No. 2771

House Bill No. 2771 is a product developed by the insurance department in concert with an agents licensing study group that has, on an ad hoc advisory basis, provided input and assistance on various agents licensing issues for several years. This latest effort would make four changes, three of which can appropriately be described as technical refinements to the very significant additions and modifications to the statutes governing insurance agents that were enacted in 1988. The fourth change embodied in House Bill No. 2771 is simply a recognition of a requirement that no longer serves any purpose.

Specifically, House Bill No. 2771:

1. Amends the continuing education law applicable to insurance agents to provide for an automatic suspension of the agents license or licenses and a monetary penalty before imposing the penalty currently required for failure to provide timely proof of completion of continuing education requirements. Currently, the failure to provide this information or meet the requirements results in revocation of the agents' licenses. To be re-licensed, the agent must, of course, complete the continuing education requirements but, in addition, he or she must submit a new application, successfully complete the agents examination and be re-certified by all the companies he or she represents.

The addition of this intermediate penalty will avoid much of this unproductive paperwork while continuing to effectively prevent the agent from transacting business until compliance with the law is achieved. At the same time, the monetary penalty should serve as a disincentive to simply procrastinate.

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2. Another change in the provisions relating to continuing education appears in lines 22 through 24 on page 4 of the bill. This is basically a housekeeping amendment which reduces the time continuing education attendance records must be retained. Currently, the law requires these records to be kept for seven years. However, such records are of no known practical use beyond the next biennium following the time the course is offered. Therefore, this provision of House Bill No. 2771 is amended accordingly.

3. Agents transacting variable life, universal life or variable annuity business are required to show evidence of satisfactory completion of a securities examination administered by the National Association of Securities Dealers or one of various other specified securities examinations. In addition, such agents must be licensed to sell standard life insurance products which requires passing a life insurance agents examination. This combination of securities and life insurance examinations covers variable contracts and it therefore does not appear necessary to require a third examination as the current law requires. House Bill No. 2771 therefore suggests that the designation of variable contracts as a separate class be deleted. This deletion appears in line 28, page 5 of the bill.

4. The current law imposes a penalty of not less than \$25 per day if an insurance company fails to certify an agent within 15 days of the time they become a representative of the company. There is no aggregate limit applicable to this penalty provision and probably shouldn't be because of its tendency to promote efforts to further delay certification or conceal the violation once the maximum penalty applies. On the other hand, as currently written, the penalty can become so great - some have reached more than \$90,000 - that administrative application is almost impossible. As a result, House Bill No. 2771 suggests that the penalty language be changed

to "not more than \$25 per calendar day ..." instead of "not less"
in order that the commissioner will have some latitude with respect
to penalties and situations not originally anticipated.

Enactment of the amendments proposed by House Bill No. 2771 will
constructively improve administration of the laws relating to agents
licensing without diminishing the qualifications an agent must meet or
the responsibilities they must fulfill to properly serve the insuring
public. We therefore respectfully request your favorable consideration
of these amendments.



See ... 7.5

I H S LIBRARY

ANNUAL TABULATIONS OF MATURE DRIVER PROGRAM DRIVING RECORD COMPARISONS - 1991

ANNUAL REPORT TO THE LEGISLATURE
OF THE STATE OF CALIFORNIA

IN ACCORD WITH ASSEMBLY BILL 2610
CHAPTER 1325, 1986 LEGISLATIVE SESSION

JUNE 1991

PETE WILSON
Governor

CARL D. COVITZ, Secretary
Business, Transportation and Housing Agency

FRANK S. ZOLIN
Director

*Ina. Cottle
2-4-92*

Attachment 3

Author: Kevin K. Foster
Research and Development Section
Program and Policy Administration
CAL-DMV-RES-91-130

SUMMARY

Background

The California Legislature established the mature driver improvement (MDI) program through enactment of Assembly Bill 2610 (Katz, 1986). This legislation required the Department of Motor Vehicles (DMV) to establish standards for, and develop criteria for approving, education courses designed to update the driving skills and knowledge of drivers 55 years of age or older. The MDI course curriculum includes information on defensive driving, traffic laws, and the traffic safety effect of driver fatigue and health, among other topics. MDI course graduates, all of whom have volunteered to take the course, receive certificates of course completion that may qualify them for discounts on their automobile insurance premiums.

The legislation also requires DMV to submit an annual report to the Legislature by July 1 of each year. The report is to include information on any differences between the driving records of MDI course graduates and those of drivers with similar characteristics, and on factors that may influence course participation. Over and above this information, the two primary inferential issues addressed in the report are 1) whether MDI course graduates are at less actuarial accident risk than nonparticipants and 2) whether the MDI program reduces accident risk. The present study constitutes the third annual report on the program.

Summary of Prior Study Findings

1989 report (Stylos & Janke, 1989). Driver record comparisons were made between 40,399 MDI course graduates, who took the course in 1987-88, and 75,604 randomly selected comparison drivers, aged 55 or older, who had not taken an MDI course. These subjects are referred to as 1988 study participants.

The study found that MDI graduates had significantly lower unadjusted and statistically adjusted rates of fatal/injury accidents

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and total convictions than comparison drivers during the first 6 months following course completion. It was concluded that graduates of mature driver programs should receive reductions in their auto insurance premiums commensurate with the statistically unadjusted casualty accident rate differential demonstrated in the report.

1990 study (Berube & Hagge, 1990). The second report included follow-up comparisons between the 1988 participants on an additional 12 months of driver record data (7-18 months subsequent to course completion). The report also included comparisons of the driver records of an additional 45,520 MDI course graduates, who took the course in 1988-89, and 75,034 comparison drivers. These subjects are referred to as 1989 participants.

The findings were not consistent with the positive fatal/injury accident results (in favor of MDI course participation) of the first study. The lower casualty accident risk of 1988 MDI graduates did not last beyond the first 6 months following course completion--unadjusted and adjusted fatal/injury accident means for the MDI and comparison groups during the followup 12-month period were not significantly different. However, the MDI group continued to have a significantly lower rate of total traffic violation convictions.

No significant differences were found between the 6-month subsequent casualty accident means for the 1989 MDI and comparison groups. This was true for both unadjusted and adjusted accident rate comparisons. However, the MDI group had significantly lower unadjusted and adjusted rates of total traffic convictions. It was concluded that the study results did not support the hypothesis of a lower casualty accident risk for MDI course graduates. Because of the conflict between the two sets of study results, it was suggested that the most prudent course would be to pend judgement of the issue until the next set of study results (this year's report) became available.

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Summary of the Current Study

The present report includes tabulations and statistical comparisons based on an additional 12 months of driver record data for the 1988 study participants (19-30 months from reference date) and 1989 study participants (7-18 months subsequent to reference date). The additional driver record data enabled the total assessment period to be extended to 30 months for the 1988 study participants and 18 months for the 1989 study participants.

The current report compares the demographic characteristics and driver records of 36,075 drivers completing an MDI course between July 1, 1989 and June 30, 1990 with those of 65,620 randomly selected comparison drivers, of the same age, who did not complete an MDI course. These new subjects are referred to as 1990 study participants. The following results were obtained:

Update on 1988 study participants

- o MDI and comparison drivers were not significantly different on their unadjusted or adjusted rates of total accidents during either the 12-month followup period (19-30 months from reference date) or the overall 30-month period following course completion. (There had been no difference during the first 6 months, either.)
- o The MDI and comparison groups did not differ significantly on either unadjusted or adjusted rates of fatal/injury accidents during the 12-month followup period.
- o The MDI group had a significantly lower unadjusted fatal/injury accident rate than the comparison group for the combined 30 months subsequent to course completion. However, the two groups did not differ significantly on adjusted fatal/injury accident rates for the same period.
- o MDI course graduates had significantly lower unadjusted and adjusted rates of traffic convictions than the comparison group

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for both the 12-month followup period and the overall 30 months subsequent to course completion.

Update on 1989 participants

- o MDI and comparison drivers were not significantly different on unadjusted or adjusted rates of total accidents during either the additional 12-month followup period (7-18 months from reference date) or the combined 18-month period subsequent to course completion. (Again, there had also been no difference on this variable during the first 6 months.)
- o The MDI group had a significantly lower unadjusted fatal/injury accident rate than the comparison group for both the additional 12-month subsequent period and the combined 18-month subsequent period.
- o The MDI and comparison groups did not differ significantly on adjusted fatal/injury accident rates for either the 12-month followup or the combined 18-month subsequent period.
- o The MDI group had significantly lower unadjusted and adjusted rates of traffic convictions for both the 12-month followup and the combined 18-month periods.

1990 participants

- o MDI course graduates were significantly older, more likely to be female, and less likely to hold a heavy commercial driver license than comparison drivers. (This pattern was also found for both the 1988 and 1989 study cohorts.)
- o The MDI and comparison groups did not differ significantly on 3-year prior total accident or fatal/injury accident rates.
- o MDI course graduates had a significantly lower rate of 3-year prior traffic convictions than comparison drivers.

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- o The MDI and comparison groups did not differ significantly on unadjusted or adjusted rates of 6-month subsequent total accidents or fatal/injury accidents.
- ✓ o MDI course graduates had significantly lower unadjusted and adjusted rates of 6-month subsequent traffic convictions than comparison drivers.

Conclusions

- o There is inconsistent evidence that MDI program participants represent a somewhat actuarially lower casualty accident risk than nonparticipants.
- ✓ o There is no compelling evidence that the MDI program reduces the accident risk of course graduates.
- o The MDI program may have reduced the rate of traffic violation convictions of course graduates.

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INTRODUCTION

Background

Assembly Bill 2610 (Chapter 1325, Katz, 1986 legislative session) established a mature driver improvement (MDI) program, which became operative on July 1, 1987. The complete text of the bill is included in the Appendix. The legislative requirements are detailed in California Vehicle Code (V. C.) Sections 1675-78. The intent of the legislation was to encourage drivers aged 55 or older to update their driving skills and knowledge by completing a driver improvement course. MDI course graduates, all of whom volunteer to take the course, receive certificates of course completion which they may submit to their insurers to qualify for a reduction in their auto insurance premiums. The amount of the discount is determined by the insurer. An insurer may deny a discount to an individual whose driver record contains certain types of violations or accidents.

MDI courses present information on defensive driving, traffic laws, and the effect on traffic safety of driver fatigue, alcohol/drug use, and health, among other topics. Although the courses are administered by driver improvement schools throughout the state, V.C. Section 1675 required the Department of Motor Vehicles (DMV) to develop the curriculum and accreditation procedures for schools wishing to teach an MDI course. DMV is also required by V. C. Section 1678 to submit an annual report to the Legislature beginning July 1, 1989, showing the differences, if any, between the cumulative driving records of program graduates and those of a representative comparison group of drivers who did not take the course. Two such reports have been submitted; this constitutes the third.

Summary of Prior Study Findings

1989 report. The first annual report on the MDI program (Stylos & Janke, 1989) was submitted to the Legislature in June 1989. The research findings presented in that report showed that drivers who graduated from an MDI course between July 1, 1987 and June 30,

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1988 had significantly lower rates of fatal/injury accidents and traffic convictions during the first 6 months following course completion than did drivers of the same age who did not take an MDI course.¹ This was true both for unadjusted and adjusted rate comparisons. These subjects are referred to as 1988 study participants.

Although the results suggested that the MDI program might have reduced accident risk, it was felt that the MDI course graduates' lower adjusted fatal/injury accident mean might have been due largely to "better" drivers' selecting themselves into the program. (There was evidence for this in their significantly lower prior rates of fatal/injury accidents and traffic convictions.) Such self-selection might have caused MDI course graduates and comparison drivers to be different on a variety of relevant factors that could not be statistically controlled in the analysis. However, this limitation did not affect the validity of the actuarial analysis, because the specific cause of the lower accident rate for course graduates is essentially irrelevant to the question of whether or not a lower accident rate can be predicted for them as a group. The report, therefore, recommended that MDI course graduates receive premium reductions commensurate with the statistically unadjusted accident rate differential reflected in their 6-month subsequent driver records.

1990 report. The second annual report on the MDI program (Berube & Hagge, 1990) analyzed an additional 12 months of driver record data for the 1988 study participants (a slightly reduced

¹A test of statistical significance allows one to determine the probability that a difference can be attributed to chance alone. If this probability is sufficiently small, it is concluded that the difference is "real." In the 1989, 1990, and current studies, a difference was considered to be statistically significant when the probability of its occurring by chance alone (in either direction), was less than 1 in 10.

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sample, reflecting loss of subjects through attrition). It was found that the lower casualty accident risk of the MDI group evidenced during the first 6 months after course completion did not endure over time. The MDI and comparison groups did not differ significantly on unadjusted or adjusted rates of fatal/injury accidents during the 12-month followup period. However, the MDI program graduates continued to have significantly lower unadjusted and adjusted rates of traffic convictions during the followup period.

The 1990 report also included a comparison of the 6-month subsequent driving records of new MDI course graduates, who completed the MDI course between July 1, 1988 and June 30, 1989, with those of a representative comparison group of similarly-aged drivers who did not take the course. These subjects are referred to as 1989 study participants. No significant differences were found between the two groups on unadjusted or adjusted fatal/injury accident rates. However, consistent with the findings of Stylos and Janke (1989), the MDI graduates had lower unadjusted and adjusted traffic conviction rates than the comparison group.

These results did not support the tentative conclusion of the 1989 report, that the MDI program may reduce casualty accidents and that those who enroll in the MDI program represent a lower accident risk. Therefore, any actuarial basis for offering insurance premium reductions to course graduates was brought into question. It was suggested that the most prudent course would be to pend judgement until the next set of study results became available.

METHODS

Subjects

Four sets of data analyses were conducted for the current study. The first set, conducted on 1988 study participants, compared the demographic characteristics and driving records of drivers

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graduating from an MDI course between July 1, 1987 and June 30, 1988 with those of a randomly selected comparison group of licensed drivers who had not taken the MDI course prior to January 1, 1989. Comparison subjects had been obtained in 1989 by randomly selecting from the department's automated driver record files the records of a 2% sample of licensed drivers aged 55 or older. Any drivers who had completed an MDI course were then excluded, and the remaining drivers were randomly assigned driver record reference dates equivalent to the course completion dates of MDI drivers. The reference date served as the "zero date" from which the driver record was taken.

These MDI graduates and comparison drivers are the same subjects studied initially by Stylos and Janke (1989) and later by Berube and Hagge (1990), with the exception that 1,594 drivers were lost through attrition. Driver records of the remaining subjects contained an additional 12 months of driver record data accumulated since the 1990 study.

The second set of analyses, conducted on 1989 study participants, compared the demographic characteristics and driving records of MDI attendees completing the course between July 1, 1988 and June 30, 1989 with those of a comparison group of drivers of the same age who had not taken an MDI course prior to January 1, 1990. Comparison drivers had been randomly selected, and reference dates had been assigned, in 1990 by the same procedures used in 1989 (the 1988 study). These MDI and comparison drivers are the same set of subjects studied initially by Berube and Hagge. Following their 1990 study, an additional 12 months of driver record data accumulated, extending 7-18 months from the reference date.

The third set of analyses compared MDI course graduates completing the course between July 1, 1989 and June 30, 1990 with a new comparison group of drivers of the same age who had not taken the course prior to January 1, 1991. These new subjects are referred to as 1990 study participants. Comparison drivers and reference dates

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were obtained in 1991 by the same procedures used in 1989 and 1990. The driver records for this set of analyses cover the first 6 months subsequent to reference date.

A fourth set of analyses compared the 6-month subsequent driver records of 1988, 1989, and 1990 study participants. These comparisons were made to test whether the differences, if any, between the MDI course graduates and comparison drivers were consistent for the three study cohorts.

Analysis Technique

Analysis of covariance (ANCOVA) was the primary statistical procedure used for data analysis. This technique statistically adjusted the post-course criterion measures (total accidents, fatal/injury accidents, and total convictions) in an attempt to make each treatment group as comparable as possible on age, license class, gender, prior accidents and convictions, and variables associated with area of residence. The "area of residence" measures included the average income level and average accident and conviction rates for each subject's ZIP code area. Although these ZIP code variables do not relate directly to individual drivers in the study, they provide some adjustment in terms of aggregated socioeconomic and driving-environment differences between subjects' residence (and probable driving) localities.

The variables described above are known as "adjuster variables" or covariates. Adjusting the criterion measures for group differences on the covariates would be expected to remove some portion of the self-selection bias introduced into the analysis as a result of the voluntary nature of the MDI program. Unfortunately, in the present study as in past ones several important variables were not available as covariates. The most important relate to the quantity and quality of driving exposure (e.g., miles driven and traffic density) and to the driver's degree of social responsibility (e.g., attitude, life style, and insurance status). No direct adjustment could be made for these factors. Even had data on these variables been available, ANCOVA

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seldom removes all bias from group comparisons and any causal interpretation of the results must be guarded and tentative.

In order to explore the actuarial validity of giving insurance discounts to MDI graduates, supplementary analyses were conducted using unadjusted driver record means. These analysis involved raw accident and conviction rates, which reflect the driving records and accident risk levels of the groups, ignoring the groups' demographic or prior-record differences. It is important to understand that an actuarial analysis of risk does not require any assumptions regarding the cause of any obtained differences, and is not subject to the same qualifications.

Conviction measures used in all of the above analyses include, in addition to actual convictions of traffic violations, failures to appear in court or forfeit bail after a citation (FTAs), and any traffic citation dismissals following attendance at a traffic violator school.

RESULTS

Demographics and 3-Year Prior Driver Records

Table 1 presents the demographic profiles and 3-year prior driver record characteristics of MDI course graduates and comparison drivers for each of the three study cohorts. Prior driver record means are per 100 drivers.

Within each cohort, MDI course graduates were significantly older on the average ($p=.00$) and included a larger proportion of females ($p=.00$), compared to drivers who did not take the course. MDI course graduates also had a significantly lower proportion of Class 1/A or 2/B commercial (heavy-vehicle) driver licenses than did their respective comparison groups ($p=.00$ for each cohort).

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Table 1

Demographic and 3-year Prior Driver Record Variables
by Treatment Year and Study Group

Year Group	Number	% Female	Mean Age	% heavy-vehicle operators ^a	3-year prior incidents per 100 drivers		
					Accidents	Fatal injury accidents	Convictions
1988							
MDI	40,063	60.1	69.2	.7	11.13	2.62	15.01
Control	73,803	48.7*	65.9*	1.6*	10.74*	2.81*	22.50*
1989							
MDI	45,520	61.4	69.4	.5	12.04	2.97	15.79
Control	75,032	49.2*	66.0*	1.6*	11.61*	2.99	22.66*
1990							
MDI	36,075	60.4	69.8	.6	11.88	2.93	14.55
Control	65,620	48.7*	66.0*	1.7*	11.67	2.93	21.78*

Note. An asterisk indicates a statistically significant ($p < .10$, two-tailed) difference between groups within treatment year.

^aThese drivers held a Class 1/A or 2/B commercial driver license on the date of the driver record extract, approximately 3 months following the end of the subject-selection period for that year.

The MDI and comparison groups within each cohort also differed on prior driver record. In the 1988 and 1989 cohorts, MDI graduates had a significantly higher rate of 3-year prior total accidents than did their respective comparison groups (1988, $p=.07$; 1989, $p=.04$). In the 1990 cohort, the MDI group had a directionally higher 3-year prior total accident rate than its comparison group; however this difference is not statistically significant ($p=.38$). As discussed in the previous studies, the higher rate of prior total accidents for the MDI group is very likely a reporting artifact. MDI groups would be expected to contain fewer uninsured drivers and, consequently, would be expected to report a higher proportion of their property-damage-only accidents to DMV. (More serious accidents would be reported by law enforcement, if not by involved drivers.)

In the 1988 cohort, MDI course graduates had a significantly lower rate of 3-year prior fatal/injury accidents than their comparison group ($p=.07$). However, no significant differences on this measure were found within the 1989 or 1990 cohorts (1989, $p=.91$; 1990, $p=.97$).

In each of the three cohorts, MDI course graduates accumulated, on the average, fewer traffic convictions during the 3 years prior to reference date ($p=.00$).

1988 Participants' 30-Month Subsequent Driving Records

Table 2 presents results of the 30-month subsequent driver record comparisons between MDI graduates and their comparison group in the 1988 study cohort. Means are presented in terms of incidents per 100 drivers. Because in a sense the most valid comparisons are those based on the covariate-adjusted means, only those comparisons will be discussed in this section. Unadjusted means will be discussed in a following section.

The MDI and comparison groups were not significantly different on adjusted rate of total accidents accumulated during either the latest

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Table 2

Unadjusted and Covariate-Adjusted Subsequent Accident and Conviction Means by Group and Months of Subsequent Driver Record for 1988 Study Participants

Mean type Group	Subsequent total accidents per 100 drivers				Subsequent fatal/injury accidents per 100 drivers				Subsequent convictions per 100 drivers			
	First 6 mo.	Next 12 mo.	Next 12 mo.	Combined 30 mo.	First 6 mo.	Next 12 mo.	Next 12 mo.	Combined 30 mo.	First 6 mo.	Next 12 mo.	Next 12 mo.	Combined 30 mo.
Unadjusted												
MDI	1.74	3.78	3.64	9.16	.41	1.00	.90	2.31	2.11	4.21	4.23	10.56
Control	1.86	3.86	3.64	9.36	.51*	1.05	.98	2.54*	3.22*	6.31*	6.13*	15.66*
Adjusted												
MDI	1.78	3.92	3.73	9.42	.42	1.03	.92	2.38	2.47	4.94	4.96	12.37
Control	1.83	3.73	3.55	9.10	.50*	1.01	.96	2.47	2.87*	5.57*	5.41*	13.85*

Note: The 1-6, 7-18, and 19-30-month means may not sum to the combined 30-month means due to rounding. An asterisk indicates a statistically significant ($p < .10$, two-tailed) difference between the two groups.

12-month subsequent period (19-30 months from reference date, $p=.15$) or the combined 30-month subsequent period ($p=.11$). In addition, the groups did not differ significantly on adjusted rate of fatal/injury accidents during the latest 12-month followup period ($p=.54$) nor the combined 30-month subsequent period ($p=.34$).

The MDI group had an adjusted conviction rate of 4.96 for the latest 12-month followup period, which is 8.3% lower than the comparison group's adjusted conviction rate of 5.41 for the same period. Also, the combined 30-month adjusted conviction rate for the MDI group, 12.37, is 10.7% lower than the adjusted rate of 13.85 for the comparison group. Both of these differences are statistically significant ($p=.00$).

1989 Participants' 18-Month Subsequent Driving Records

Table 3 presents results of the 18-month subsequent driver record comparisons between 1989 course graduates and their comparison group. Means are reported in terms of incidents per 100 drivers. Again, as previously discussed, the most valid comparisons are those based upon covariate-adjusted means; therefore only those means will be discussed in this section. Unadjusted means will be discussed in a later section.

The MDI and comparison groups did not differ significantly on adjusted total accident rate during the 12-month followup period (7-18 months from reference date, $p=.46$) nor the overall 18-month subsequent period ($p=.16$).

The MDI and comparison groups did not differ significantly on adjusted fatal/injury accident rates for either the 12-month followup period ($p=.15$) or the combined 18 months ($p=.43$).

The MDI graduates' adjusted conviction rate of 4.75 per 100 drivers during the 12-month followup period is 15.9% lower than the comparison group's adjusted rate of 5.65, and this difference is statistically significant ($p=.00$). For the combined 18-month

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Table 3

Unadjusted and Covariate-Adjusted Subsequent Accident and Conviction Means by Group and Months of Subsequent Driver Record for 1989 Study Participants

Mean type Group	Subsequent total accidents per 100 drivers			Subsequent fatal/injury accidents per 100 drivers			Subsequent convictions per 100 drivers		
	First 6 mo.	Next 12 mo.	Combined 18 mo.	First 6 mo.	Next 12 mo.	Combined 18 mo.	First 6 mo.	Next 12 mo.	Combined 18 mo.
<u>Unadjusted</u>									
MDI	1.94	3.76	5.70	.52	.88	1.40	2.03	4.05	6.08
Control	1.92	3.84	5.77	.51	1.02*	1.52*	3.22*	6.35*	9.57*
<u>Adjusted</u>									
MDI	1.99	3.85	5.84	.53	.90	1.43	2.38	4.75	7.13
Control	1.87	3.76	5.63	.50	.99	1.49	2.87*	5.65*	8.52*

Note. The 1-6 and 7-18-month means may not sum to the combined 18-month means due to rounding. An asterisk indicates a statistically significant ($p < .10$, two-tailed) difference between the two groups.

subsequent period, the adjusted conviction rate of 7.13 for the MDI group is 16.3% lower than the adjusted rate of 8.52 for the comparison group ($p=.00$).

1990 Participants' 6-Month Subsequent Driver Records

Table 4 presents results of comparisons between 1990 study participants on rates of total accidents, fatal/injury accidents, and convictions 6 months subsequent to reference date. Once again, only the adjusted means will be discussed in this section.

Table 4

Unadjusted and Covariate-Adjusted 6-month Subsequent
Accident and Conviction Means by Group for 1990 Study Participants

Mean type Group	Total accidents per 100 drivers	Fatal/injury accidents per 100 drivers	Convictions per 100 drivers
<u>Unadjusted</u>			
MDI	1.92	.50	2.05
Control	1.94	.52	3.38*
<u>Adjusted</u>			
MDI	1.94	.51	2.45
Control	1.92	.51	2.98*

Note. An asterisk indicates a statistically significant ($p<.10$, two-tailed) difference between the two groups.

No significant differences were found between the MDI group and comparison drivers on adjusted rates of total accidents ($p=.80$) or fatal/injury accidents ($p=.97$). However, there was a statistically significant difference between the two groups on adjusted rate of convictions ($p=.00$). The 2.45 rate (per 100 drivers) for the MDI group is 17.8% lower than the 2.98 rate for the comparison group.

Comparison of 1988, 1989, and 1990 Cohorts on 6-Month Subsequent Driver Record

The 1988, 1989, and 1990 cohorts were compared on the 6-month subsequent criterion measures. This analysis was conducted to

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determine whether the differences in study outcomes for the three years were statistically significant. A total of six groups were included in this analysis: (1) 1988 MDI graduates, (2) 1988 comparison drivers, (3) 1989 MDI graduates, (4) 1989 comparison drivers, (5) 1990 MDI graduates, and (6) 1990 comparison drivers.

No significant interactions between course participation and study year were present with respect to adjusted rates of total accidents ($p=.40$), fatal/injury accidents ($p=.11$), or total convictions ($p=.59$). These findings support a general level of year-to-year consistency in the differences between the MDI and comparison groups on the adjusted driver record variables.

Comparison of Unadjusted Cohort Means

Additional analyses of unadjusted accident means for the three cohorts were conducted to determine if the actuarial relationship between MDI training and driver risk was stable across all three years. These analyses did not adjust for demographic or prior driver-record differences between MDI and comparison drivers. The interaction between course participation and study year was not statistically significant for either total accidents or total convictions ($p=.37$ and $.36$, respectively), but was significant for fatal/injury accidents ($p=.09$). This provides suggestive evidence that the difference between MDI and comparison group unadjusted fatal/injury accident means were not constant across study years. To understand the source of the interaction, recall that the 1988 MDI graduates had a significantly lower unadjusted fatal/injury accident rate than its respective comparison group, whereas no significant difference was present for either the 1989 or 1990 cohorts. The failure to find a consistent relationship between MDI course completion and accident risk raises questions about the former being a valid actuarial indicator of driver risk. This is addressed in more detail in the following section.

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CONCLUSIONS

No evidence was found that the MDI program has any consistent positive short- or long-term effect, as evidenced by adjusted rates, on subsequent casualty accident (or total accident) risk. The present study confirms last year's study finding that the significantly lower fatal/injury accident risk of MDI course graduates found by Stylos and Janke (1989) did not endure. It also found no evidence of a program effect for the 1989 cohort during the 12-month driver record followup period although, unexpectedly, the raw fatal/injury accident rate of the MDI group was significantly lower than that of the comparison group. Further, neither raw nor adjusted rates of 6-month subsequent fatal/injury accidents for 1990 MDI course graduates were significantly different from those of comparison drivers.

The reason for the discrepancy in results between the 1988 study and the 1989 and 1990 studies with respect to fatal/injury accidents cannot be determined from these data. In addition to the possible role of sampling error, both the MDI program and the characteristics of drivers who enroll in the program can change over time. Because self-selection is obviously operating to determine who enrolls in the MDI program, any changes in the marketing and availability of the program, or perhaps in the amount and availability of the insurance premium discount, could affect the results. It is notable that Stylos and Janke (1988) warned that the actuarial differential they obtained might tend to decrease when the selection rate exceeded some (unknown) proportion. In terms of cohort differences, drivers who chose to take the MDI course when it was first offered may have been an atypical sample of "safer" older drivers, or at least people more interested in being safe drivers, than those who delayed taking the course.

Consistent with the findings of the previous two studies, the results of this year's study indicate that MDI course participation may be

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associated with a lower traffic conviction rate. However, due to the quasi-experimental nature of the study design, it cannot be concluded with a high degree of confidence that the MDI program caused the MDI group's lower conviction rate. If the MDI program did indeed reduce the conviction rate, this would not necessarily be contradictory to its lack of an effect on accident risk. Traffic safety research has demonstrated numerous instances in which educational programs have reduced convictions without reducing accidents (Lund & Williams, 1984; Struckman-Johnson, Lund, Williams, & Osborne, 1989).

As noted above, an unexpected finding in this year's study is that 1989 MDI course graduates had a significantly lower rate of unadjusted subsequent fatal/injury accidents than their comparison group during the 12-month subsequent driver record followup period, even though no such difference in unadjusted rates was found during the first 6 months following course completion. This indication of lower actuarial risk for the MDI group lends some support to offering insurance premium reductions to MDI course graduates. However, the fact that this relationship has not materialized consistently indicates that it is not a very robust or reliable phenomenon.

A supplementary analysis of the 6-month subsequent driver records of 1990 study participants was conducted to determine whether type of course attended may have influenced the study outcomes. MDI programs are provided through either the American Association of Retired Persons (AARP) or a number of independent smaller schools (non-AARP). Although the AARP graduates had slightly lower unadjusted and adjusted rates of subsequent total accidents, fatal/injury accidents, and traffic convictions than did the non-AARP group, the differences were not statistically significant. It was concluded that type of MDI course attended had little or no effect on accident risk.

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REFERENCES

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APPENDIX

Page 237-3

CHAPTER 1325

An act to add Section 11628.3 to the Insurance Code, and to add Sections 1675, 1676, 1677, and 1678 to the Vehicle Code, relating to vehicles.

[Approved by Governor September 23, 1986. Filed with Secretary of State September 29, 1986.]

LEGISLATIVE COUNSEL'S DIGEST

AB 2610, Katz. Driver improvement: vehicle insurance.

(1) Under existing law, the Department of Motor Vehicles is authorized to establish standards and develop criteria for driver education programs.

This bill would additionally require the department to establish standards and develop criteria for the approval of a mature driver improvement course specifically designed for the safe driving needs of drivers 55 years of age or older. The course curriculum would include, but not be limited to, specified components. Under other provisions of law, violations of these provisions would be an infraction, thereby imposing a state-mandated local program.

The bill would also provide that drivers who successfully complete the course would receive a certificate provided by the department and awarded by the course provider, which would be suitable evidence of eligibility for reduced motor vehicle liability insurance premiums for 3 years from the date of successful completion of the course. A fee, determined by the department, would be charged each course provider, and each approved course provider would be required to charge each course applicant a fee not to exceed \$20. The bill would require the department to charge a fee not to exceed \$3 for each completion certificate issued. The bill would expressly require the fees received by the department to be deposited in the Motor Vehicle Account in the State Transportation Fund pursuant to existing requirements of law.

The bill would also authorize the department to revoke the approval of a course for specified reasons.

The bill would require the department to submit a report, as specified, to the Legislature by July 1 of each year, beginning with July 1, 1989.

(2) Existing law provides that motor vehicle liability insurance rates are regulated so as not to be excessive, inadequate, or unfairly discriminatory in order to promote the public welfare.

This bill would require admitted motor vehicle liability insurers to reduce the premium rates by an appropriate reduction for drivers 55 years of age or older by an amount determined by the insurer based on actuarial and loss experience data, as specified, if the driver can

produce proof of successful completion of a mature driver improvement course. The insured driver would be required to enroll in and successfully complete the course every 3 years to continue to be eligible for the reduced premium. The insurer would be required to reassess the percentage of reduced premium upon renewal of the insured's policy and the insured's eligibility for any percentage of premium reduction would be effective for 3 years. The insured would be disqualified for the reduced premium under specified conditions.

(3) The bill would make legislative findings and declarations.

(4) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

The bill would provide that no reimbursement is required by this act for a specified reason.

(5) The bill would become operative on July 1, 1987.

The people of the State of California do enact as follows:

SECTION 1. The Legislature finds and declares that a driver improvement course specifically designed for the needs of older drivers can be of assistance in increasing the safety of older drivers on the road.

It is therefore the intent of the Legislature to encourage older drivers to update their driving skills and knowledge through a driver improvement course which may be taken every three years, and to offer a reduction in auto insurance premiums upon successful completion of the course.

SEC. 2. Section 11628.3 is added to the Insurance Code, to read:
11628.3. (a) Based on the actuarial and loss experience data available to each insurer, including the driving records of mature driver improvement course graduates, as recorded by the Department of Motor Vehicles, every admitted insurer shall provide for an appropriate percentage of reduction in premium rates for motor vehicle liability insurance for principal operators who are 55 years of age or older and who produce proof of successful completion of the mature driver improvement course provided for and approved by the Department of Motor Vehicles pursuant to Section 1675 of the Vehicle Code.

(b) The insured shall enroll in and successfully complete the course described in subdivision (a) once every three years in order to continue to be eligible for an appropriate percentage of reduced premium.

(c) The percentage of premium reduction required by subdivision (a) shall be reassessed by the insurer upon renewal of the insured's policy. The insured's eligibility for any percentage of premium reduction shall be effective for a three-year period from

the date of successful completion of the course described in subdivision (a), except that the insurer may discontinue the reduced premium rate if the insured is in any case:

(1) Involved in an accident for which the insured is at fault, as determined by the insurer.

(2) Convicted of a violation of Division 11 (commencing with Section 21000) of the Vehicle Code, except Chapter 9 (commencing with Section 22500) of that division, or of a traffic related offense involving alcohol or narcotics.

(d) The percentage of premium rate reduction required by subdivision (a) does not apply in the event the insured enrolls in, and successfully completes, an approved course pursuant to a court order provided for in Section 42005 of the Vehicle Code. Nothing in this subdivision precludes an insured from also enrolling in a driver improvement course:

SEC. 3. Section 1675 is added to the Vehicle Code, to read:

1675. (a) The director shall establish standards and develop criteria for the approval of driver improvement courses specifically designed for the safe driving needs of drivers who are 55 years of age or older which shall be known as the mature driver improvement course.

(b) The curriculum for the course provided for in subdivision (a) shall include, but is not limited to, all of the following components:

(1) How impairment of visual and audio perception affects driving performance and how to compensate for that impairment.

(2) The effects of fatigue, medications, and alcohol on driving performance, when experienced alone or in combination, and precautionary measures to prevent or offset ill effects.

(3) Updates on rules of the road and equipment, including, but not limited to, safety belts and safe and efficient driving techniques under present day road and traffic conditions.

(4) How to plan travel time and select routes for safety and efficiency.

(5) How to make crucial decisions in dangerous, hazardous, and unforeseen situations.

(c) Each mature driver improvement course shall include not less than 400 minutes of instruction, and shall not exceed 25 students per single day of instruction or 30 students per two days of instruction.

(d) Upon satisfactory completion of the mature driver improvement course, participants shall receive and retain a certificate provided by the department, awarded and distributed by the course provider, which shall be suitable evidence of satisfactory course completion, and eligibility for three years, from the date of completion, for the mature driver vehicle liability insurance premium reduction pursuant to Section 11628.3 of the Insurance Code.

(e) The course provider shall report to the department, upon enrollment, the name of each participant and the person's driver's

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license number. The course provider shall also transmit a copy of each certificate distributed to a participant to the department. These reports shall be used in the evaluation required by Section 1678.

(f) The certificate may be renewed every three years from the date of completion by successfully completing a subsequent mature driver improvement course.

(g) For the purposes of this section, and Sections 1676 and 1677, "course provider" means any person offering a mature driver improvement course approved by the department pursuant to subdivision (a) of this section.

SEC. 4. Section 1676 is added to the Vehicle Code, to read:

1676. (a) An individual enrolling in a mature driver improvement course pursuant to Section 1675, shall pay to the course provider, a fee not to exceed twenty dollars (\$20).

(b) Each course provider shall issue a receipt for any fee it collects from any individual who registers for or attends a mature driver improvement course.

(c) The department shall charge a fee not to exceed three dollars (\$3) for each completion certificate issued by a mature driver improvement course provider, pursuant to subdivision (d) of Section 1675. The amount of the fee shall be determined by the department and shall be sufficient to defray the actual costs incurred by the department for administering the mature driver improvement program, for evaluating the program, and for any other activities deemed necessary by the department to assure high quality education for participants of the program. A course provider shall not charge a fee in excess of the fee charged by the department pursuant to this subdivision for furnishing a certificate of completion or duplicate thereof. The department shall transmit all fees it receives for deposit in the Motor Vehicle Account in the State Transportation Fund pursuant to Section 42270.

SEC. 5. Section 1677 is added to the Vehicle Code, to read:

1677. (a) The department may collect a fee, to be determined by the department, from each course provider who shall be responsible for the development and operation of a mature driver improvement course; for the approval of the course, but not to exceed the actual cost of approval of the course. The department shall transmit all fees it receives for deposit in the Motor Vehicle Account in the State Transportation Fund pursuant to Section 42270.

(b) Each course provider, who has received course approval from the department, is responsible for the delivery, instruction, and content of his or her mature driver improvement course.

(c) The department shall investigate claims of impropriety on the part of a course provider. The department may withdraw the approval of courses in violation of Section 1675 or 1676, as determined by the department, for just cause, including, but not limited to any of the following:

- (1) Furnishing course completion certificates to course enrollees

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prior to, or in the absence of, completion of the curriculum specified in subdivisions (b) and (c) of Section 1675.

(2) Failure to report records of enrolled students and records of satisfactory course completion.

(3) Charging fees in excess of the amounts specified in subdivision (a) and subdivision (c) of Section 1676.

(d) Mature driver improvement courses approved by the department shall continue to be approved until either of the following occurs:

(1) The course provider does not meet the conditions of approval.

(2) The department finds just cause to terminate the approval pursuant to subdivision (c).

SEC. 6. Section 1678 is added to the Vehicle Code, to read:

1678. (a) The department shall produce a set of statistical tabulations of the accident rates of graduates and nonparticipants in mature driver improvement courses. The tabulations shall include, but are not limited to, all of the following:

(1) Differences, if any, between the cumulative driving records of mature driver improvement course graduates and the driving records of other drivers with similar characteristics who have not taken the course.

(2) Factors that may influence course participation.

(b) The department shall report its findings, and make recommendations, to the Legislature not later than July 1 of each year, beginning with July 1, 1989.

SEC. 7. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs which may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, changes the definition of a crime or infraction, changes the penalty for a crime or infraction, or eliminates a crime or infraction.

SEC. 8. Sections 1 to 7 of this act shall become operative on July 1, 1987.

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January 24, 1992

The Honorable Henry Helgerson
Representative 86th District
Ins. Committee

Dear Henry,

You and other members of the Insurance Committee asked questions after the proponents had presented testimony and also during the testimony. I would like to elaborate on those questions.

As you know, much of my career was in research, and therefore, I rely heavily on research documentation for information and decision making. I requested the office of AARP 55 Alive/Mature Driving to send any additional pertinent information including the current listing of states mandating discounts. Colorado passed such a law in 1991 and a copy is attached. Secondly AARP stands firmly behind the research that was presented by Mr. Tim Edwards, retired Highway Patrol Officer, as showing significant reductions in fatal and injury accidents. Other references to research were presented by June Dirks citing the results from selected states, their motor vehicle departments and one major insurance carrier. These references were presented in testimony and in the attached material appended to this letter.

The concern for mandated versus voluntary is a key element. Some companies now voluntarily provide an appropriate discount. Without the legislation (S.B. 217, as amended) being mandated nothing would change from present practice as we perceive it.

If one looks at the economic impact on both individuals and insurance companies for fewer injury accidents, collisions, and fewer fatalities, it is a win-win situation. If you see the graying of America and the increasing number of Kansans who are 75 and older as needing to be more safety conscious, this approach is part of the answer. Mandating 55 Alive and other similar programs will reduce high cost injury accidents for all citizens who travel our streets, highways, and country roads and make them more independent. This cohort of elderly is one of the fastest growing groups among our Kansas citizens.

2-4-92
Attachment 4
Page 1 of 4



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Lastly, we are calling upon you as one of our Wichita Representatives to assist the many groups who support mandated legislation and amending the bill. We ask you to share this supplemental information with the Committee as you deem appropriate. We wish to thank Chairman Turnquist for holding a hearing on S.B. 217, as amended and to the Committee for their courteous reception of our petition on this important matter for older citizens. There is no cost to the State of Kansas.

Sincerely,
Bill Dirks
A. W. "Bill" Dirks

enc. (2)
AWD:jd

Page 2 of 4

First Regular Session
Fifty-eighth General Assembly

LLS NO. 91 0328/1

SENATE BILL 91-108

STATE OF COLORADO

BUSINESS AFFAIRS & LABOR

ORIGINAL BILL NOT AMENDED
ACCEPTED AS REINGROSSED BILL

BY SENATORS Bishop, Wham, Allison, Ament, Cassidy, Fenlon,
Gallagher, Groff, Hopper, Martinez, McCormick, Meiklejohn,
Mendez, Norton, Pascoe, Peterson, Rizzuto, Sandoval, Schaffer,
Traylor, Trujillo, Wattenberg, and Wells;
also REPRESENTATIVE S. Johnson.

Revised

A BILL FOR AN ACT

- 1 CONCERNING A REQUIRED DISCOUNT ON AUTOMOBILE INSURANCE POLICY
- 2 PREMIUMS FOR SAFE DRIVERS AGED FIFTY-FIVE OR OLDER WHO
- 3 HAVE COMPLETED A DRIVER'S EDUCATION COURSE.

Bill Summary

(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments which may be subsequently adopted.)

Provides that insurers shall offer an appropriate discount on automobile insurance policy premiums for operators of covered vehicles aged fifty-five or older who successfully complete a driver's education course offered by a commercial driving school licensed under Colorado law. Sets the period of time for which such discount shall remain in effect as to an individual and allows the insurer to place a requirement on the insured to maintain such discount.

- 4 Be it enacted by the General Assembly of the State of Colorado:
- 5 SECTION 1. Part 7 of article 4 of title 10, Colorado
- 6 Revised Statutes, 1987 Repl. Vol., is amended BY THE ADDITION
- 7 OF A NEW SECTION to read:
- 8 10-4-724. Reduction in rates for drivers aged fifty-five

Capital letters indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

Page 314

As amended 2nd reading
MAR 20 1991
HOUSE

1 or older who complete a driver's education course.

2 (1) (a) (I) THE GENERAL ASSEMBLY FINDS AND DETERMINES THAT

3

4

5

6 " MOTOR VEHICLE ACCIDENTS CAUSE A SUBSTANTIAL
7 ECONOMIC IMPACT IN LOST WAGES, MEDICAL BILLS, LEGAL FEES,
8 REHABILITATION COSTS, AND HIGHER INSURANCE RATES.

9 (II) THE GENERAL ASSEMBLY ALSO FINDS THAT THE MOTOR
10 VEHICLE ACCIDENT RATE CREATES AN ADDITIONAL SOCIETAL BURDEN IN
11 THE FORM OF TAXES FOR MEDICAID, FOR THE MEDICALLY INDIGENT,
12 AND FOR OTHER HOSPITAL-RELATED COSTS.

13 (III) THE GENERAL ASSEMBLY FURTHER FINDS THAT THE NUMBER
14 OF SUCH ACCIDENTS AND INJURIES IS POSITIVELY AFFECTED WHEN
15 DRIVERS FIFTY-FIVE OR OLDER TAKE DRIVER'S EDUCATION COURSES.

16 (b) THEREFORE, THE GENERAL ASSEMBLY DECLARES THAT IT IS
17 APPROPRIATE AND BENEFICIAL TO ALL THE PEOPLE OF COLORADO THAT
18 DRIVERS FIFTY-FIVE OR OLDER WITH RECENT TRAINING AND GOOD
19 DRIVING RECORDS PAY EXPERIENCE-BASED INSURANCE PREMIUMS.

20 (c) A FINANCIAL INCENTIVE IN THE FORM OF LOWER PREMIUMS
21 WILL PROMPT DRIVERS FIFTY-FIVE OR OLDER TO TAKE DRIVER'S
22 EDUCATION COURSES AND WILL FURTHER THE GOAL OF THE GENERAL
23 ASSEMBLY TO REDUCE ACCIDENT-RELATED INJURIES AND FATALITIES IN
24 COLORADO.

25 (2) EFFECTIVE JULY 1, 1991, ALL RATES, RATING SCHEDULES,
26 AND RATING MANUALS FOR LIABILITY, PERSONAL INJURY PROTECTION,

H

H

H

1 AND COLLISION COVERAGES OF A MOTOR VEHICLE INSURANCE POLICY
 2 SUBMITTED TO OR FILED WITH THE COMMISSIONER UNDER THIS PART 7
 3 SHALL PROVIDE FOR AN APPROPRIATE REDUCTION IN PREMIUM CHARGES
 3a ~~BASED ON JUSTIFIABLE DATA~~
 4 ~~WHEN THE VEHICLE IS A COVERED VEHICLE AND WHEN THE PRINCIPAL~~
 5 OPERATOR IS FIFTY-FIVE OR OLDER AND HAS SUCCESSFULLY COMPLETED
 6 A DRIVER'S EDUCATION COURSE TAUGHT BY A DRIVING SCHOOL
 7 LICENSED PURSUANT TO ARTICLE 15 OF TITLE 12,

(H)

8 C.R.S., OR BY A NONPROFIT CORPORATION ORGANIZED PURSUANT TO
 9 ARTICLES 20 TO 29 OF TITLE 7, C.R.S., IF SUCH COURSE HAS BEEN
 10 PREAPPROVED BY THE DEPARTMENT OF MOTOR VEHICLES. ANY

(H)

(H)

(H)

11 DISCOUNT, USED BY AN INSURER SHALL BE PRESUMED APPROPRIATE
 12 UNLESS CREDIBLE DATA DEMONSTRATES OTHERWISE. INSURERS SHALL
 13 PROVIDE THE COMMISSIONER WITH DATA REFLECTING THE CLAIMS
 14 EXPERIENCE OF DRIVERS WHO HAVE RECEIVED REDUCTIONS IN PREMIUM
 15 CHARGES COMPARED WITH THE CLAIMS EXPERIENCE OF DRIVERS WHO
 16 HAVE NOT RECEIVED SUCH REDUCTIONS.

17 (3) EACH PERSON WHO SUCCESSFULLY COMPLETES A DRIVER'S
 18 EDUCATION COURSE TAUGHT BY A COMMERCIAL DRIVING SCHOOL
 19 LICENSED PURSUANT TO ARTICLE 15 OF TITLE 12, C.R.S., SHALL BE
 20 ISSUED A CERTIFICATE BY THE COMMERCIAL DRIVING SCHOOL OFFERING
 21 THE COURSE, WHICH CERTIFICATE SHALL BE EVIDENCE OF
 22 QUALIFICATION FOR THE PREMIUM DISCOUNT REQUIRED BY THIS
 23 SECTION.

-3-

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Page 5 of 4

1 (4) EACH PERSON WHO SUCCESSFULLY COMPLETES A DRIVER'S
 2 EDUCATION COURSE TAUGHT BY A NONPROFIT CORPORATION ORGANIZED
 3 PURSUANT TO ARTICLES 20 TO 29 OF TITLE 7, C.R.S., IF SUCH
 4 COURSE HAS BEEN PREAPPROVED BY THE DEPARTMENT OF MOTOR
 5 VEHICLES, SHALL BE ISSUED A CERTIFICATE BY THE NONPROFIT
 6 CORPORATION OFFERING THE COURSE, WHICH CERTIFICATE SHALL BE
 7 EVIDENCE OF QUALIFICATION FOR THE PREMIUM DISCOUNT REQUIRED BY
 8 THIS SECTION.

9 (5) THE PREMIUM REDUCTION REQUIRED BY THIS SECTION SHALL
 10 BE EFFECTIVE FOR AN INSURED FOR A THREE-YEAR PERIOD AFTER
 11 SUCCESSFUL COMPLETION OF THE APPROVED COURSE. HOWEVER, THE
 12 INSURER MAY REQUIRE, AS A CONDITION OF PROVIDING AND
 13 MAINTAINING SUCH DISCOUNT, THAT THE INSURED, DURING THE
 14 THREE-YEAR PERIOD AFTER COURSE COMPLETION, NOT BE INVOLVED IN
 15 AN ACCIDENT FOR WHICH THE INSURED IS HELD AT FAULT.

16 (6) AN INSURED MAY RENEW QUALIFICATION FOR THE DISCOUNT
 17 PROVIDED BY THIS SECTION BY:

18 (a) RETAKING A DRIVER'S EDUCATION COURSE TAUGHT BY A
 19 COMMERCIAL DRIVING SCHOOL LICENSED PURSUANT TO ARTICLE 15 OF
 20 TITLE 12, C.R.S.; II

21 (b) RETAKING A DRIVER'S EDUCATION COURSE TAUGHT BY A
 22 NONPROFIT CORPORATION ORGANIZED PURSUANT TO ARTICLES 20 TO 29
 23 OF TITLE 7, C.R.S., IF SUCH COURSE HAS BEEN PREAPPROVED BY THE
 24 DEPARTMENT OF MOTOR VEHICLES; AND

1 (c) NOT BEING INVOLVED IN AN ACCIDENT FOR WHICH THE
2 INSURED IS HELD AT FAULT.

H

3 (1) THIS SECTION SHALL NOT APPLY WHERE AN INSURED DRIVER
4 IS TAKING A DRIVER'S EDUCATION COURSE AS A RESULT OF AN ORDER
5 OF A COURT OR OTHER GOVERNMENTAL ENTITY RESULTING FROM A
6 MOVING TRAFFIC VIOLATION.

H

7 SECTION 2. Safety clause. The general assembly hereby
8 finds, determines, and declares that this act is necessary
9 for the immediate preservation of the public peace, health,
10 and safety.

-5-

108

Page 7 of 4

SENATE BILL No. 217

By Senator Yost

2-13

11 AN ACT relating to motor vehicle insurance; providing for premium
12 reductions for certain persons completing a motor vehicle accident
13 prevention course.

14
15 *Be it enacted by the Legislature of the State of Kansas:*

16 Section 1. (a) Any rates, rating schedules, or rating manuals for
17 the liability, personal injury protection, and collision coverages of a
18 motor vehicle insurance policy submitted to or filed with the in-
19 surance commissioner shall provide for an appropriate reduction in
20 premium charges as to such coverages ~~when the principal operator~~
21 ~~on the covered vehicle is an insured 55 years of age and or older~~
22 for a ~~three-year~~ two-year period after successfully completing a
23 motor vehicle accident prevention course approved by *the national*
24 *safety council or a governmental agency such as* the division of
25 vehicles of the department of revenue. ~~Any discount used whether~~
26 ~~used or not used~~ by an insurer shall be presumed appropriate unless
27 credible data demonstrates otherwise. *Only one discount shall be*
28 *allowed for each qualified person.*

29 (b) The premium reduction required by this section shall be
30 effective for an insured for a ~~three-year~~ two-year period after suc-
31 cessful completion of the approved course, except that the insurer
32 may require, as a condition of providing and maintaining the dis-
33 count, that the insured for a three-year period after course comple-
34 tion not be involved in an accident for which the insured is at fault.

35 (c) Upon successfully completing the approved course, each per-
36 son shall be issued a certificate by the organization offering the course
37 which shall be used to qualify for the premium discount required
38 by this section.

39 (d) This section shall not apply ~~(1)~~ in the event the approved
40 course is specified by *an administrative order of the director of*
41 *vehicles or by a court order* as a result of a moving traffic violation
42 ~~or (2) the insurer provides a comparable discount to all principal~~
43 ~~vehicle operators 55 years or older regardless of completion of such~~

The rates, rating schedule or rating manuals required by subsection (a) shall be submitted to or filed with the commissioner of insurance at the time of the next regular filing with the commissioner after the effective date of this act and at regular annual filings thereafter.

Attachment 5

1 ~~a course.~~

2 (e) Each participant shall take an approved course every ~~three~~
3 *two* years to continue to be eligible for the reduction in premiums.

4 Sec. 2. This act shall take effect and be in force from and after
5 its publication in the statute book.

Page 2 of 5