

## AB 3311 (Grayson): Modernizing Outdated Insurance Minimums That Put All California Motorists at Risk

California lawmakers took steps half a century ago to mandate minimum auto insurance coverage that protects innocent victims injured or killed by negligent, underinsured drivers. Approved in 1967, California's mandatory auto insurance minimums were set at \$15,000 for a single injury or death; \$30,000 for injury to, or death of, more than one person; and \$5,000 for property damage, in any one collision. Those minimums haven't changed in 53 years.

In 1967, the average price of a brand-new vehicle was \$2,750 and the annual cost of an individual's healthcare was just over \$250. Today, the average new vehicle sells for more than \$37,000 and the annual cost for health care has risen to over \$11,000 per person. Emergency room visits start at \$3,300. One report shows that the average bodily injury claim after a car accident is \$16,141.<sup>1</sup>

After inflation, the 1967 minimum requirements today would be \$117,000/\$234,000/\$39,000.<sup>2</sup>

**Assembly Member Tim Grayson (D-Concord) has introduced Assembly Bill 3311 to update these limits to 30/60/25.**

The state's auto financial responsibility law was put in place to enforce personal responsibility. If you are injured in a collision by another driver, the at-fault motorist's insurance is supposed to protect you, your passengers and your property. But our current minimum limits in California are dangerously low. Victims of underinsured motorists can be sent spinning toward financial peril — on the hook for hospital bills, doctor visits, surgeries, rehabilitation, lost wages, and vehicle repairs. The economic fallout can be particularly perilous for low-income motorists boxed into a corner by an accident while struggling to keep a roof overhead and food on the table. It's especially true for those left without a vehicle they relied on to get to and from work.

Bringing our minimum liability limits into the 21<sup>st</sup> Century would provide all California residents with a far better level of protection. Many drivers today, unaware of the serious economic consequences of an accident causing injuries or damages, are under the false impression that simply carrying minimum auto insurance is enough. To do right by California drivers, we need to enhance auto insurance protection for all by increasing the state's mandatory auto insurance minimums.

### REAL STORIES, REAL VICTIMS

- A father of eight was killed in a crash caused by an underinsured driver. Because there were four other vehicles involved, recovery was split five ways—resulting in just \$6,000 for the surviving family.
- A 27-year-old woman was hit by an underinsured drunk driver and became quadriplegic, resulting in large uncovered medical bills.
- A 40-year old woman was riding her bicycle when she was hit by an underinsured driver. After sustaining injuries, she stayed in the hospital for 32 days, costing her thousands in medical bills
- A family of three was struck by a drunk driver, killing the mother. Because of the driver's inadequate insurance, the grieving family was left with virtually nothing.

<sup>1</sup> Insurance Information Institute, Private Passenger Auto Insurance Losses, 2009-2018, <https://www.iii.org/table-archive/21040>

<sup>2</sup> CPI Inflation Calculator, Bureau of Labor Statistics, <https://data.bls.gov/cgi-bin/cpicalc.pl?cost1=5000.00&year1=196701&year2=201912>



Since 2007, nine states have recognized the need to modernize their auto insurance minimums. Alabama, Illinois, Louisiana, Oregon, South Carolina, and Ohio have all had recent increases. All but three other states have higher minimums than California.<sup>3</sup> That list includes:

- **Alaska – 50/100/25**
- **Maine – 50/100/25**
- **North Carolina – 30/60/25**
- **Texas – 30/60/25**
- **Maryland – 30/60/15**
- **Minnesota – 30/60/10**
- **Nevada – 30/50/20**



Overall, a majority of states that raised their auto minimums between 2007 and 2015 saw a *decrease* in premiums.<sup>4</sup> A majority also saw a *decrease* in the number of uninsured motorists on the road.<sup>5</sup> Where increases boost premiums, one study estimates that those changes would cost as little as a cup of coffee each month – a small price to pay compared to the devastating financial instability that can result from an accident with an underinsured driver.

California's current 15/30/5 coverage limits leave us at the bottom compared to the rest of the nation. Yet, our costs for healthcare and auto repairs have outpaced the national average.<sup>6</sup> To better protect Californians from undue and unfair financial burdens, and to preserve the integrity of our auto insurance financial responsibility laws, we must modernize our mandatory minimums to 30/60/25.

It is well past time to make sure California citizens are protected if they are injured or killed by the negligence of an underinsured driver. Consumer Attorneys are strong advocates for modernizing our current outdated limits. Insurance coverage is meant to protect people who are involved in a collision – ensuring there are reasonable economic safeguards for those who are hurt. At the current low levels, California's statutory minimums clearly fail that test. Not being properly insured puts all Californians at risk, especially our most vulnerable residents who could be one accident away from financial insecurity.

<sup>3</sup> Insurance Information Institute (III): <https://www.iii.org/automobile-financial-responsibility-laws-by-state>

<sup>4</sup> Insurance Information Institute (III): <https://www.iii.org/table-archive/21247>

<sup>5</sup> Insurance Information Institute (III): <https://www.iii.org/table-archive/20641>

<sup>6</sup> Brad Tuttle, *Huge Disparities in Health Care and Car Repair Costs*, Time Magazine (2011), <https://business.time.com/2011/06/30/huge-disparities-in-health-care-and-car-repair-costs/>