

Indeed, many states have taken steps in this area to enact some form of insolvency protection statutes. Twenty-seven states provide some form of insolvency protection with the definition of uninsured motorist coverage. Three states have unsatisfied judgment funds which include protection to the motorist insured with an insolvent company. All states and the District of Columbia provided assigned risk plans to which motorists may apply for liability insurance. No lawfully qualified motorist need turn to high risk specialty companies for automobile liability insurance.

II. Cancellations

The staff reports also refer to the problem of cancellations. Understandably, individuals who have had their policies cancelled may be vehement in their criticism. And undoubtedly companies have been guilty of unwarranted cancellation and arbitrary underwriting practices. However, this is not the total picture.

At a recent public hearing conducted by a state insurance department, a locally prominent citizen appeared and complained vehemently that his auto insurance policy had been "arbitrarily cancelled" even though he had not had any accidents. It developed that he had neglected to mention that he had stated in his insurance application, there were no youthful drivers in the family, when in fact he had two teenage sons living at home and using the family car. The insurer had cancelled his policy when a routine underwriting check revealed the deception.

The most recently available statistics disclose that in Wisconsin, for example, only 0.57% of the auto insurance policies in force were cancelled in mid-term on an annual basis for reasons other than nonpayment of the premium and only 2.06% of the policies that come up for renewal are not renewed. In Maryland, a survey of the state's 11 leading insurance companies compiled in 1964 disclosed that companies and agents cancelled only 1.4% of the policies in force on an annual basis, and declined to renew only .7%. In the State of Virginia an official survey by the Virginia State Corporation Commission in 1966 showed that only 1.8% of all auto insurance policies enforced were cancelled for reasons other than nonpayment and only 1.4% of the policies filed for renewal were not renewed. A survey in the State of Washington by Professor Wickman disclosed that only .9% of the total policies in force, covering an average of 1,650,000 drivers during 1959-1963, were cancelled either by companies or agents. In Michigan less than 1% of the policies written were cancelled.

Some automobile risks are simply uninsurable—as the federal government has found to be true of crop insurance. The government has "blackened out" or "red lined" areas within which it will not grant crop insurance. For example, six counties of Western Oklahoma were blacked out in mid-season in 1966 due to drought.

Any study of automobile underwriting restrictions should recognize that a teenage hot rodder with a dozen reckless driving arrests, the drunken driver with a suspended license, the applicant who falsified an application, etc., may not be entitled to automobile insurance—and in any event are less entitled to insurance than the sincere farmer in the "black out area" designated by the federal government.

Granted there have been instances where insurance coverage has been cancelled or has not been renewed without apparent justification, yet in the total insurance picture these situations are not numerous. Indeed through one means or another, it has been the goal of insurers to extend coverage to every licensed driver. It is interesting to note in this regard the policy of the National Association of Independent Insurers and the various guidelines and legislative enactments which have been adopted in many states. For example, the Texas Insurance Commission has issued guidelines to this effect: (1) family automobile policies should only be cancelled if the named insured fails to pay any of his premiums due; (2) if the driver's license or motor vehicle registration of the named insured or of any other operator who resides in the same household or customarily operates an automobile insured under the policy has been under suspension or revocation during the policy period; (3) on policies or coverage written for less than one year, the company should not refuse to renew except as of the expiration of a policy period; (4) insurers should not cancel or decline to renew solely because of the ages of the insured.

Again, assigned risk plans are available to those cancelled motorists of every state.