EIGHTY-EIGHTH LEGISLATURE

Legislative Document No. 297

H. P. 902 House of Representatives, February 4, 1937.

Referred to the Committee on Judiciary. Send up for concurrence and 500 copies ordered printed.

HARVEY R. PEASE, Clerk.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED THIRTY-SEVEN

Reports of the Recess Committee on Compulsory Liability Insurance for Motor Vehicles. (H. P. 902)

Majority Report signed by the following: Silas Jacobson, Portland; Barnett J. Shur, Portland; Horace S. Stewart, Bangor; Belmont Smith, Bangor.

Individual Report signed by George E. Hill of South Portland.

Minority Report signed by the following: Franz U. Burkett of Portland; Eugene C. Carll of Buxton.

MAJORITY REPORT

To the Honorable Senate and House of Representatives of the Eighty-eighth Legislature of Maine:

At the regular session of the 87th Legislature, in 1935, a bill was introduced to require resident owners of certain motor vehicles to furnish security for civil liability growing out of accidents on the public streets and highways of the State. This bill, H. P. 1234, L. D. 601, was referred to the joint standing committee on Judiciary.

After hearings on the subject five members of the Committee reported favorably, recommending the passage of the bill in a new draft, H. P. 1848, L. D. 905, and five members reported that the same "ought not to pass."

In the House of Representatives the favorable report was accepted by a

vote of 97 to 25. The measure met defeat, however, in the Senate, and on the recommendation of the committee of conference a resolve (Chap. 125 of the Private & Special Laws of 1935) was passed creating a recess committee, charging it with the duty to "investigate the necessity and desirability" of such legislation; to "consider and study similar laws existing in other states and countries"; and to "report its findings and recommendations to the 88th Legislature."

Pursuant to this act the Recess Committee met at Augusta and organized by the election of Senator Franz U. Burkett as Chairman and Representative Silas Jacobson as Secretary.

The Committee then communicated with every state of the union and with several foreign countries, assembling as far as possible all available information relative to the subject.

Several further meetings were held, including a duly advertised public hearing held in the Hall of the House of Representatives at Augusta on July 23rd, 1936. This hearing was largely attended by leading proponents and opponents of the compulsory insurance proposal and resulted in a full discussion of the subject in its many aspects.

On October 16, 1936, the Committee held a further hearing at Boston, Massachusetts, on the subject of insurance rates and the effect of compulsory insurance thereon.

At the outset of the Committee's deliberations it was recognized by all, that under the laws now obtaining in Maine, accidents frequently occur in which a person is injured, either in his person or his property, by the negligence of a driver whose liability is without question, but whose ability to respond in damages is wholly lacking. Persons are killed and maimed upon our highways without fault upon their part, and because of the unwillingness of the negligent driver to procure financial protection, there can be no recovery even of medical and hospital expenses. The number of such cases is impossible of determination for the reason that records exist only in cases prosecuted to judgment. Often, no suits are brought where the defendant is known to be impecunious and without insurance, nor when the injured parties are without means to retain counsel. We are of the opinion, that cases of liability, without ability to pay, are many.

The problem with which this Committee has been concerned is to ascertain the best means, if any, by which redress for the injured parties in such cases can be assured.

Proposals for insurance by the state, or "state funds," so called, have been considered by the Committee and unanimously dismissed as undesirable. We do not advocate placing the State itself in the insurance business. We believe this field of enterprise should, if possible, be pre-

served for private companies. The experience with such laws in Ohio and elsewhere has been highly unsatisfactory.

The existing financial responsibility law, so called, operates in the manner of a penalty, and does not come into play until after the commission of a wrongful or criminal act by the driver. It makes possible the suspension of a license, after the driver has been convicted of criminal negligence in his driving or has failed to satisfy a civil judgment rendered against him, and while he may be required to furnish security for future accidents, this law does not provide adequate protection, especially in cases of a first offense. The law is desirable as far as it goes, but obviously it does not and cannot meet the real problem. Suspension of the license of a negligent driver does not compensate the person who suffers by reason of the negligence. Nor has this law in any material number of cases brought about the satisfaction of judgments. We are informed that from January, 1930, to July, 1936, the Secretary of State ordered 133 driver's licenses or registrations suspended, and of that number only 50 have been reinstated because of satisfaction of judgments. The amounts involved in these 50 cases, in which judgments were theoretically fully satisfied, vary, but most of them are judgments for small amounts ranging from $20.00 to about $300.00. The expression "theoretically fully satisfied" is used designedly, for while there are no records to show whether the full amounts have actually been paid, there is little doubt that the great majority were settled by compromise payments.

The Committee has frequently listened to proposals, by opponents of compulsory insurance, that the financial responsibility law be amended by "putting teeth into it." We have carefully scrutinized various specific bills drafted for that purpose, and while we admit the possibility of improvement in that law, we are convinced that such proposals are generally brought forward for the purpose of obscuring the real issue. To meet the need, requires in our opinion, legislation applicable to the first, as well as succeeding, accidents. We regard the issue as concrete and clear cut. Financial responsibility laws do not meet it.

The only remaining proposal worthy of serious consideration is that system generally described as "compulsory insurance." This would require resident drivers in general to provide adequate insurance, or other security, before they are licensed to operate motor vehicles upon the public streets and highways of the State.

It should be noted that it is not the design of such legislation to establish liability where no liability exists at present, but only to make it possible for persons entitled to judgments under existing laws to collect the damages awarded them.

Nor is it the purpose of such legislation to promote safety upon the highways. That highly commendable objective must be left to other measures.

At none of the hearings of the Committee was it suggested by anyone that such a measure would promote safety. We do not hold that it would. We do not regard safety or accident prevention as within the scope of the compulsory insurance proposal, or within the field of inquiry allotted to this Committee.

It is generally known, that in this country the Commonwealth of Massachusetts, which has had such a law since 1927, is the only state in which a compulsory insurance act is in effect. Similar and even more drastic laws, however, are in operation in England, Scotland, Germany, Sweden, Denmark, Norway and the Irish Free State, and communications received by the Committee are to the effect that these laws in the foreign countries mentioned have met with a high degree of success in their operation as well as with general popular approval. The Massachusetts law, while subject to criticism, has had sufficient support to withstand for a decade the most determined and persistent attacks upon it, and that Commonwealth has steadfastly refused to repeal the law. In several states of the union investigating committees have reported favorably after exhaustive studies of the problem. Such reports have universally met with powerful and highly organized opposition, however, emanating in practically all cases from insurance companies and their agents.

Opponents of the proposed legislation have frequently reiterated to the Committee the contention that such a law would result in fraud, collusion and rackets. While it is freely admitted that many abuses have crept into the operation of the law in the metropolitan centers of Massachusetts, it was very generally conceded at the hearings before this Committee that such results would not follow in any large measure in the State of Maine, owing to the conditions obtaining here and the attitude and natural conservatism of our people; and the entire Committee seems to have reached the conclusion, on this aspect of the question, that such rackets could not be long nor extensively perpetrated here. Such frauds as have been referred to are made possible only by dishonesty in the medical and legal professions, and among insurance adjusters. Should dishonesty require to be dealt with, the State must approach the problem by more stringent and effective moral requirements for those who practice these professions.

One of the popular arguments against the enactment of such a law is to the effect that insurance would increase carelessness. To this contention we cannot subscribe. Drivers who by nature are reckless are not less so

when uninsured. Those who by nature are careful do not become reckless when financially protected by a policy. The primary regard of any driver is for his own physical well being. This he will not jeopardize merely because an insurance company can be required to pay damages to someone else whom he may injure. If insurance promotes carelessness and disregard for life and property and is a substantial factor in the accidents arising on our highways, the voluntary purchase of a policy should be prohibited. This we do not believe to be the case.

One of the chief arguments advanced in opposition is the contention that such a law would necessarily and substantially increase insurance rates. To the committee it appears that those who freely make this assertion are unable to substantiate it by reliable evidence. They cite an increase of approximately 36% in the Massachusetts rates over the period of 10 years in which the law has been in operation there. It must be noted, however, that in the year 1927, the first year of compulsory insurance in Massachusetts, an arbitrary reduction of 10% in the rates was made upon the erroneous assumption that the tremendous increase in business would permit the reduction. Hence the 1927 rate was in fact 10% below normal and the increase therefore, from 1926, which was the normal rate, is approximately only 26%. It must also be conceded that factors other than compulsory insurance have contributed to the increase. Such factors include the increased power and speed of automobiles, improved roads, increased confusion, increased mileage, and an increased family use of automobiles. These conditions are expressly given as causes for rate increases in the National Rate Bureau's Manual for the year 1935.

During the period, from 1926 to 1936, the rates in the State of Connecticut, where no compulsory insurance law exists, have increased on the average to an extent greater than in Massachusetts. These two states are very comparable in conditions and it is fair to conclude that a similar increase would have occurred in Massachusetts even without the compulsory law.

At the Boston meeting of the Committee the leading rate experts of the East appeared and discussed in great detail the technical aspects of rate computation. This, however, while highly instructive, did not materially advance the Committee since no one of the experts was willing to say that the adoption of the compulsory insurance law in Maine would result in an increase or decrease in our rates.

Assuming, however, for the sake of argument, that some slight increase should result, we are not convinced that such increase would render inadvisable the adoption of the law. If the law will afford protection to a large

number of our citizens, who are now at the mercy of the financially irresponsible, the increased cost may well be justified.

It is pointed out that only 30% of the motor vehicle owners of the state are now insured, and that the law would impose a burden on the remaining 70% to cover 7% actually involved in accidents. In this connection it should be remembered that while a relatively small percentage of operators are involved in accidents in any given year, nevertheless, every driver of a car is a potential cause of injury or death. To impose a burden upon 70% of the drivers, for the protection of all the drivers, and for the protection, in addition, of the other occupants of cars and pedestrians on the highways, is not, in our opinion, an unreasonable proposal. Every person, whether he operates his car many thousands of miles upon the highways, or only to a very limited extent, imperils those with whom he may come in contact, and should in our judgment be prevented from doing so unless he is willing to assume full responsibility for the negligent damage he may inflict.

The state controls our highways. Operators of vehicles use them not by inherent right, but by license only. Should such a license, to operate a potential engine of destruction on the public ways, be granted to those incapable or unwilling of mitigating such destruction as far as possible by financial reimbursement? We think that one, unwilling or unable to provide such reimbursement, should himself suffer the inability to drive, in preference to permitting him to inflict serious damage on others who, without fault, are placed at the mercy of his driving.

We do not seriously question the constitutionality of a proper compulsory liability insurance act. The question was submitted to the Supreme Judicial Court of Massachusetts and the Justices in their opinion, reported in 251 Mass. 569, held such regulation within the powers of the Legislature. In the course of the opinion the court said:

> "A license to drive and a registration of motor vehicles have been required as prerequisite to the use of motor vehicles on the public ways in this Commonwealth, almost from their first appearance. The power to license imparts the further power to withhold such license except upon compliance with prescribed conditions. The power to regulate, even to the extent of prohibition of motor vehicles from public ways includes the lesser power to grant the right to use public ways only upon the observance of prescribed conditions precedent."
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> "The requirement that every owner before being allowed to register his motor vehicle shall provide security for the discharge

of his liability for PERSONAL INJURIES OR DEATH resulting from the presence of such motor vehicle on the PUBLIC WAYS cannot be pronounced unreasonable. It furnishes a degree of assurance of compensation to those rightly and carefully using the ways and injured by the carelessness of operators of motor vehicles. The requirement for security for the payment of the legal claims arising from personal injuries caused on highways by motor vehicles is an extension of the police power into a new field so far as we are aware, but in our opinion it falls within the limits of the Constitutional power of the General Court. It may be justified on several grounds.

1. The most important is the great uncompensated damage now caused by motor vehicles to innocent travellers upon the public ways—Every subject of the Commonwealth ought to find a certain remedy by having recourse to the laws, for all injuries or wrongs which he may receive in his person."

"Another ground upon which the validity of the proposed statute may rest is that the motor vehicle is itself a dangerous instrumentality. Unless kept in good repair and equipped with adequate brakes and then driven on public ways with a high degree of skill, it is bound to become a source of imminent danger to other travellers. The operation of such an instrumentality in PUBLIC PLACES is not a natural right. It is subject to reasonable regulation for the benefit of the general public."

During the ten year period from 1925 to 1935, more than 300,000 persons in the United States lost their lives through automobile accidents. Recklessness behind the wheel is leaving a trail of widows, orphans and cripples throughout the land. Unless and until drivers of motor vehicles come to a keen realization of individual responsibility for the havoc wrought on our highways, there can be little hope of lessening the harrowing results of motor vehicle accidents. Unfortunately, experience has shown that the infusion of this realization is a difficult, if not impossible, task. Safety councils, revocation of licenses, apprehension of violators and editorial condemnation of recklessness have been extensively invoked —and yet the carnage continues. In our hospitals can be found the injured and disabled men, women and children, some hopelessly crippled for the remainder of their lives through no fault of their own, attempting to endure the physical tortures of maimed and broken bodies. Law-abiding citizens properly using the highways, often themselves bearing the cost of liability insurance from which others may benefit, are subjected to finan-

cial loss through the careless or wilful misconduct of some less responsible motorist. Until a means is found of eliminating, or substantially reducing, the accidents now so prevalent, we submit that every reasonable measure should be adopted to facilitate financial redress for the victims of the reckless drivers on our roads.

For these reasons we are impelled to the conclusion that a serious and widespread social problem exists, that it is of a magnitude sufficient to require intervention by the state, and that it can best be handled by the passage of a compulsory liability insurance act.

We submit herewith a bill designed to accomplish the desired purposes, realizing that it is not without its defects, but in the firm belief that its passage, with such subsequent amendments as circumstances may prove necessary, will be for the material benefit of the people of the State.

Respectfully submitted,

SILAS JACOBSON, Sec., Portland,
BARNETT J. SHUR, Portland,
HORACE S. STEWART, Bangor,
BELMONT SMITH, Bangor.

EIGHTY-EIGHTH LEGISLATURE

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED THIRTY-SEVEN

AN ACT Requiring Owners of Certain Motor Vehicles and Trailers to Furnish Security For Their Civil Liability on Account of Personal Injuries Caused by Their Motor Vehicles and Trailers.

Be it enacted by the People of the State of Maine, as follows:

1. No motor vehicle or trailer shall be registered under the motor vehicle laws of this state, until the owner thereof shall at the time of registration of such motor vehicle or trailer file with the Secretary of State the written certificate or certificates of an insurance carrier, duly authorized

to do business within the state, that it has issued to or for the benefit of the person named therein a motor vehicle liability policy or policies, and designating therein by explicit description or by other appropriate reference all motor vehicles with respect to which coverage is granted by the policy.

2. By providing a bond with two or more sureties which bond and sureties shall meet the approval of the Secretary of State.

3. By a deposit of cash in the amount of $10,000 with the Secretary of State.

Approval of rates and policies of insurance. Each insurer shall file a schedule of rates and a sample insurance policy with the Insurance Commissioner and no rates shall be effective or form of policy issued, until approved, by the Insurance Commissioner. The rates may provide for the payment of premiums monthly, quarterly, semi-annually or annually, as the insured may elect. The Insurance Commissioner may approve different rates for the same kind of coverage in different sections of the state but all rates shall be based on actuarial experience. The Insurance Commissioner shall permit to be included in the premium rate the cost of inspections of the motor vehicle covered by insurance. The Insurance Commissioner may on his own motion, or on the request of any insurer, or on the complaint of twenty-five persons owning registered motor vehicles and residing in any territory for which a rate has been approved conduct an investigation to determine if the premium rates charged by insurance carriers in such territory should be increased or diminished. After a hearing or hearings held upon notice of not less than twenty days to all parties in interest, if the Insurance Commissioner finds that actuarial experience shows that the rate charged by insurers is excessive or insufficient to provide an adequate reserve to pay losses, he may issue an order directing the insurers to file a new schedule of rates in accordance with the terms of his decision.

The bond or liability policy, as used in this act shall be taken to mean a bond as hereinbefore provided, or policy of liability insurance issued by an insurance carrier authorized to transact business in this state to the person therein named as insured, which bond or policy shall designate, by explicit description or appropriate reference, all motor vehicles or trailers with respect to which coverage is intended to be granted by said policy or bond and shall insure the insured named therein, and any other person using or responsible for the use of any such motor vehicle or trailer with the consent, expressed or implied, of such insured, against loss from the liability imposed upon such insured or upon such other person by law for injury to or death of any person, and judgments rendered as aforesaid, growing

out of the negligent maintenance, use or operation of any such motor vehicle or trailer upon the public streets or highways of the State of Maine, to the amount or limit of five thousand dollars exclusive of interest and costs, on account of injury to or death of any one person, and subject to the same limit as respects injury to or death of one person, of ten thousand dollars, exclusive of interest and costs, on account of any one accident resulting in injury to or death of more than one person; provided that this section shall not be construed as preventing such insurance carrier from granting any lawful coverage in excess of or in addition to the coverage herein provided for.

Every bond or policy of insurance issued under authority of this article shall contain a clause stating that the motor vehicle or trailer covered by it was inspected before issuance of such bond or policy and was found to conform to the standards of safety and equipment established by the Secretary of State and by law or rule or regulation made in accordance therewith, and giving to the insurer the right to cancel the policy at any time during the term thereof on twenty days notice to the insured and a copy thereof to the Secretary of State, if on a subsequent inspection of the motor vehicle covered thereby such motor vehicle is found not to conform to standards of safety and equipment established by the Secretary of State and by law or rule or regulation made in accordance therewith. Such bond or policy of insurance shall contain a clause therein permitting the Secretary of State to require the motor vehicle covered thereby to be inspected at least once in each six months during the term of the policy and at such other times and places as the Secretary of State may specify to ascertain if such motor vehicle or trailer conforms to the safety and equipment standards established by him and by law, rule or regulation, and that the bond or policy may be cancelled unless such insured shall promptly cause such motor vehicle to be repaired so it will conform to safety standards established by the Secretary of State and by law, rule or regulation.

Such bond or insurance policy shall be subject to the following provisions which need not be contained therein.

(a) The liability of any company under a motor vehicle liability policy shall become absolute whenever loss or damage covered by said policy occurs, and the satisfaction by the insured of a final judgment for such loss or damage shall not be a condition precedent to the right or duty of the carrier to make payment on account of such loss or damage. No such policy shall be cancelled or annulled as respects any loss or damage by any agreement between the carrier and the insured after the said insured has become responsible for such loss or damage, and any such cancellation or

annulment shall be void. Upon the recovery of a final judgment against any person for any such loss or damage, if the judgment debtor was at the accrual of the cause of action insured against liability therefor under a motor vehicle liability policy, the judgment creditor shall be entitled to have the insurance money applied to the satisfaction of the judgment.

The policy, the written application therefor (if any) and any rider or endorsement which shall not conflict with the provisions of this article shall constitute the entire contract between the parties.

Any carrier authorized to issue motor vehicle liability policies as provided for in this act may, pending the issue of such a policy execute an agreement to be known as a binder; or may, in lieu of such a policy issue an endorsement to an existing policy; each of which shall be construed to provide indemnity or protection in like manner and to the same extent as such a policy. The provisions of this section shall apply to such binders and endorsements.

Hearing by Secretary of State on complaint. The Secretary of State upon the complaint of any person whose application for an insurance policy has been rejected by the insurance carrier, or in the event the surety or sureties or insurance carrier desires to cancel the bond or the policy of insurance, the Secretary of State shall conduct a public hearing at a time and place to be designated by him after a notice of not less than seven days to the insurance carrier, or the surety or sureties, and the person who has been refused a policy of insurance, or against whom an application has been filed for cancellation or his bond or policy of insurance. If the insurance carrier or the surety or sureties establish by competent evidence at such hearing or at any adjournment thereof that the person who has made application for a policy of insurance upon any motor vehicle or trailer, or on whose bond or policy an application has been made for cancellation, is engaged in any unlawful trade, business or calling, or is engaged in a business, trade or calling of an extra hazardous nature, or is physically or mentally handicapped to such a degree as to render the operation by him of a motor vehicle or trailer unsafe, or has had an accident record in the operation of motor vehicles or trailers that make the applicant an undesirable risk, the Secretary of State may affirm the decision of the carrier in refusing to issue a policy of insurance, or may affirm the decision of the carrier to cancel the bond or policy of insurance, or he may fix and determine a special rate over and above the regular published rate, for the writing of an insurance policy or bond for the applicant whose application has been rejected or against whom an application has been filed for cancellation and who has made complaint to the Secretary of State; or if none of such facts are so established he may issue an order requiring the insur-

ance carrier to write the policy of insurance at its regular published rate; or he may order the insurance carrier, or surety or sureties to continue in force the insurance policy or the bond at its regular published rate. The action of the Secretary of State shall be subject to review by certiorari.

Any owner of a motor vehicle subject to the provisions of this act whose bond or policy of insurance has been cancelled by order of the Secretary of State and whose registration has been suspended, shall immediately return to the Secretary of State his certificate of registration and the number plates issued thereunder. If any such person shall fail to return to the Secretary of State certificate of registration and number plates issued thereunder as provided herein, the Secretary of State shall forthwith direct any state policeman, motor vehicle license examiner or other police officer to secure possession thereof and return same to the Secretary of State. Any person failing to return such certificate and number plates shall be guilty of a misdemeanor and shall be fined not more than five hundred dollars, or by imprisonment for not more than ninety days.

Bankruptcy, death, or insolvency of the principal of a bond, or the insured under said policy, required under this act, shall not effect the liability of the sureties or the insurer.

Reporting of accidents. Every person insured, who is involved in any accident, shall forthwith report to his insurer the time, place and cause thereof in writing, and shall forward to his insurer forthwith any letters, claims or summons which come into his possession.

Limitation. Nothing in this act shall be construed as to extend to or infringe upon the coverage of chapter 55 of the revised statutes.

Penalty. Whoever operates or permits to be operated a motor vehicle or trailer with knowledge that the motor vehicle or trailer liability policy, or bond, or deposit required by the provisions of this act has not been provided and maintained in accordance therewith, shall be punished by a fine of not more than $500 or by imprisonment for not more than 90 days.

Constitutionality. If any part, subdivision, or section of this act shall be declared unconstitutional, the validity of its remaining provisions shall not be affected thereby.

INDIVIDUAL REPORT OF GEORGE E. HILL OF SOUTH PORTLAND

Augusta, Maine, February 2, 1937.

To the Honorable Senate and House of Representatives of the 88th Legislature:

I concur entirely in the views expressed in the majority report, but am unable to approve in its present form the bill therewith submitted. This bill can, however, serve as a basis for legislation and can be suitably revised before it is acted on by the Legislature. For the reasons set forth in the majority report I am strongly of the opinion that such legislation ought to be enacted.

Respectfully submitted,

GEORGE E. HILL.

MINORITY REPORT

To the Honorable Senate and House of Representatives of the Eighty-eighth Legislature of Maine:

The undersigned members of the Recess Committee appointed in accordance with the provisions of Chapter 125 of the Private & Special Laws of 1935, cannot agree with the recommendations made in the accompanying Report filed by a majority of the members of the Committee, which recommends the adoption by this Legislature of a Compulsory Insurance Law so-called.

The facts leading up to the appointment of the Committee are fully covered in the majority report, and need not here be repeated. The members of the Committee approached the problem presented to them with a realization of the importance of the subject, and have made every possible effort to collect and study all available information on the subject, and have received great assistance from both the proponents and opponents of such legislation.

We fully realize the problem that is presented to the state, increasing in seriousness every year, of making travel on our highways safer and of taking steps to reduce the loss of life and damage to property caused by negligent operation of motor vehicles on our highways.

If the adoption of an Act requiring compulsory automobile insurance would assist in solving this problem, we would recommend its adoption.

It is, however, unanimously agreed that compulsory insurance is not a safety measure. The members of the Committee who signed the majority report agree with us in this conclusion as stated in their report.

With accident prevention and considerations of highway safety admittedly discarded as justification for compulsory automobile insurance, the only remaining justification for its adoption by our state is to provide means for the collection of monetary damages by persons injured on the highways.

While Massachusetts has been experimenting with compulsory automobile insurance during the past 10 years, Maine and a great majority of the other states of the Union have carefully watched the experiment; many of the states have appointed commissions similar to the one of which we are members; most of them have made exhaustive studies of the Massachusetts Act, and we think it is significant as bearing upon the success of the Massachusetts experiment that during that ten years no other state has adopted compulsory automobile insurance, and from our study of the workings of the Massachusetts act in that commonwealth, we do not believe that it is proper to say that it has been successful.

Instead of adopting the Masachusetts plan, most of the states of the Union, including Maine, have approached the problem in other directions. Most of them have financial responsibility acts in substance similar to the one now in effect in Maine, requiring the filing of proof of ability to pay damages caused by subsequent negligent operation by a person who has once been convicted of a violation of our motor vehicle laws. Most of them have in effect a statute similar to our own providing for the suspension of driving licenses until any civil judgment secured against that person as the result of his negligent operation of an automobile has been satisfied.

Undoubtedly these laws could be further strengthened in our state. We understand that a Bill is to be introduced at this session of our Legislature which will provide in brief that, after an accident on the highway, any one of the parties involved may petition the Secretary of State for a hearing to determine which of the parties, if either, was negligent and giving the Secretary of State the right to require that, pending a judicial determination of the question, any person whom he finds has been negligent will not be permitted to drive a motor vehicle on the highways of the state until he has filed evidence of financial responsibility to pay any damages that may be secured as the result of his negligent operation in that accident.

We believe that this Bill is a logical and helpful extension of our present legislation, and recommend the adoption of some legislation which will embody the principle of that Bill.

We further believe that this Legislature should seriously consider fur-

ther restrictions and limitations on the speed of automobiles on our highways; that it should make provision for more careful investigation of applicants for driver's licenses, and adopt such measures as are from time to time found effective in other states in helping to solve our highway problems.

As stated in the report of the majority members of the committee, we gave considerable time and thought to the question of the cost of compulsory insurance. Since the compulsory law has been effective in Massachusetts, premium rates have increased between 36% and 42%. In Maine during the same period there have been no increases. From our study of the rate situation, we are satisfied that the adoption of compulsory insurance in this state would not reduce premium rates. It is our considered opinion, based upon the study we have made, that rates would increase.

It is certain that the adoption of a compulsory insurance law in this state would place a large additional cost on the approximate 70% of the owners of motor vehicles which are not now insured, and the greater part of this increased burden would fall upon the owners of automobiles who live in rural sections of the state where there is comparatively little congestion of traffic and where the number of accidents is comparatively small.

We do not believe that the amount of damages suffered by innocent travelers on the highway caused by the negligence of uninsured owners of motor vehicles, creates such a serious state-wide problem that at this time the state is justified in invoking its police powers to the extent of compelling every owner of a motor vehicle in the state, irrespective of his location, past record, or financial ability, to incur the added expense of such insurance.

A system of compulsory insurance such as that which has been adopted in Massachusetts does not guarantee that every claim for damages caused by negligent operation of motor vehicles will be satisfied. Such insurance can be made to apply only on the "highway," that is on streets and ways that have been accepted, and it could not be made to apply to out of state motor vehicles which during our tourist season constitute a very large proportion of the traffic on our highways.

The law in Massachusetts has been a source of constant and serious political disturbance. At every session of the Legislature, large numbers of bills seeking to repeal, amend, or strengthen the Act are introduced. The question of rates which has been a very troublesome one, is always and constantly in the Courts. There is general dissatisfaction with it and its operation in that state.

In 1936 the New Bedford Standard Times, a newspaper circulating generally in New Bedford and Cape Cod, conducted a poll of its subscribers

on the question of whether or not they were in favor of a repeal of the law, and we are informed that the vote was in the ratio of 7 to 1 in favor of repeal and that poll was conducted in the section where the rates are lowest among the zones into which Massachusetts is divided for rating purposes. The law in Massachusetts has certainly not tended to reduce the number of highway accidents.

The Royal Commission of Ontario, which was appointed to study the Massachusetts Act and report on the advisability of a compulsory law in that Province, reported that, "The psychological effect of compelling every one to take out insurance is the reverse of making them careful, for everybody knows that everybody else is insured and that in case of accident the insurance company, and not the person causing the injury, will have to pay for it."

Based then upon our belief that the operation of the law in Massachusetts has not been successful; that the failure of other states to adopt such a law is considerable evidence of its failure to meet the problem; that there has been no popular demand for the legislation in this state as evidenced by the small attendance of proponents at our widely advertised hearing; that the problem presented by the comparatively small number of damage claims which cannot be collected because of lack of liability insurance does not present a state-wide problem of sufficient importance to justify the exercise of the police power in the passage of a Compulsory Insurance Act; that the passage of such an act would work hardship upon large numbers of our Maine people who own motor vehicles necessary for their business and who live in sections of the state where the danger of an accident is small and traffic conditions are not congested, we are strongly of the opinion that this State should not at this time adopt a Compulsory Automobile Insurance Law.

Respectfully submitted,

FRANZ U. BURKETT,
EUGENE C. CARLL.