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A Survey of Financial Responsibility Laws and Compensation of Traffic Victims: A Proposal for Reform

Lorence L. Timm

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I. INTRODUCTION

One of the most acute socio-economic and legal problems confronting society today concerns the compensation of traffic victims. In 1966, there were 52,500 persons killed as a result of traffic accidents,[1] which constituted nearly one-half of all accident fatalities. In addition 3,868,000 persons were injured,[2] and the total cost of motor vehicle accidents was estimated at ten billion dollars.[3] As a result of the steadily rising accident toll, there has been increased concern over means of insuring that victims of automobile accidents will be compensated. This concern has been aggravated by the continued presence of the financially irresponsible motorist. The problem becomes even more acute when one considers that in 1966 there was a total of 94,177,000 motor vehicles registered in the United States[4] and 98,496,000 licensed drivers,[5] whereas by 1983 it is estimated that there will be 115,000,000 vehicles.[6]

The states first attempted to solve this problem by means of the financial responsibility law. At present, all 50 states and the District of Columbia have some form of financial responsibility statute,[7] including North Carolina, New York and Massachusetts,[8] which also have compulsory insurance laws. Although vigorously defended by the insurance industry, these financial responsibility statutes have come under strong criticism for failure to achieve their intended purpose. Although a variety of plans for compensation without respect to fault have been proposed—such as, the Columbia Plan, Saskatchewan Plan, Full Aid Insurance, and Basic Protection Insur-

1. 1967 STATISTICAL ABSTRACT OF THE UNITED STATES 573.
2. *Id.* at 574. It is estimated that of this figure, 1,900,000 were disabled, of which 160,000 resulted in permanent impairments; National Safety Council, *Accident Facts* 4 (1967 ed.).
3. National Safety Counell, *supra* note 2, at 3-6.
4. 1967 STATISTICAL ABSTRACT OF THE UNITED STATES 564.
5. *Id.*
6. KEETON & O'CONNELL, BASIC PROTECTION FOR THE TRAFFIC VICTIM 12 (1965).
7. For a complete list of citations see Appendix B.
8. However, it should be noted that Massachusett's statute only applies to nonresident motorists; MASS. GEN. LAWS ch. 90, § 3G (1952).

ance[9]—American jurisdictions have retained the "fault" principle and have concentrated on plans designed to assure that motorists will be capable of responding with damages should the need arise. Thus, the purpose of this paper is to summarize the operation and effect of financial responsibility laws with a consideration of existing problem areas, and to submit suggested proposals for reform.

II. Operation of Financial Responsibility Laws

In an effort to avoid widespread enactment of compulsory insurance laws, the insurance industry vigorously promoted financial responsibility statutes.[10] The early laws were supposedly designed not only to assure compensation to victims but also to aid in accident prevention and thus many are still entitled "Safety Responsibility Law."[11] The avowed purposes of such laws can be classified into three basic objectives:[12] (1) eliminate or segregate the bad driver, thereby preventing or decreasing accidents; (2) increase the proportion of insured vehicles or drivers and compel the bad driver to insure; and, (3) procure the payment of more claims arising from automobile accidents. The relative success or failure in attaining these three objectives will be considered later in this note.

A. *Historical Development*

The first "Safety Responsibility Law" was enacted in Connecticut in 1925,[13] and some eighteen were in existence by the time the Columbia Report was issued in 1932.[14] These early laws were "proof-type" statutes whereby a driver who failed to satisfy a judgment arising out of an accident or was convicted of a serious driving violation was required to file proof of his ability to pay judgments arising from "future" accidents, or else suffer revocation of his license and/or suspension of his vehicle registration. The underlying assumption of these laws was that they would promote safety by isolating bad drivers after the first accident and making other drivers more careful due to the threat of requiring insurance in the event of an accident.

The inadequacies of these early laws became readily apparent. As safety measures they were a dismal failure since accident statistics

9. *See* Keeton & O'Connell, *supra* note 6, at 124-90 for a discussion of the major compensation plan proposals. These authors also present their proposal for "Basic Proteetion Insurance."

10. *See* Aberg, *Effects of and Problems Arising from Financial Responsibility Laws*, 1943 Ins. L.J. 72. *See also* Grad, *Recent Developments in Automobile Accident Compensation*, 50 Colum. L. Rev. 300, 305 (1950).

11. Grad, *supra* note 10, at 305 n.17.

12. Aberg, *supra* note 10.

13. Conn. Pub. Act ch. 183 (1925).

14. Grad, *supra* note 10, at 307.

continued to rise and a bad driver could continue to drive by merely furnishing proof.[15] Also, administrative weaknesses often hampered enforcement. The effectiveness of the laws depended on accurate accident reporting which was left to the initiative of the injured party. Often the law could only be invoked upon a showing of an unsatisfied judgment, and if a tortfeasor was uninsured, judgment proof, or otherwise insolvent there was little or no incentive to secure a judgment, let alone make a report. Thus, the very fact that a driver was financially irresponsible often protected him from the operation of the law designed to exclude him from the highway.[16] In addition, settlement, no matter how slight, would preclude invoking the law, and an injured party would often leap at the opportunity of salvaging at least a portion of his loss from a negligent driver who was financially suspect. By far, the most obvious inadequacy of the proof-type laws was the fact that the victim of any motorist's first accident was often without any remedy, and as a result, these statutes were nicknamed "first-bite" laws. It was certainly of little solace to the injured victim to know that the negligent driver who was responsible would have to insure for the protection of future victims.

As a result of the inadequacy of the proof-type laws, which often left the first victim uncompensated, New Hampshire pioneered a revised law in 1937. This law was a "security-type" statute, whereby any person involved in a motor vehicle accident resulting in personal injuries or property damage in excess of a minimum amount was required to file "security" in the form of proof of ability to pay damages, up to a statutory limit, arising out of the *past* accident which caused the law to be invoked. Thus, this type of statute was an obvious improvement, since it placed more emphasis upon compensation of the initial victim and encouraged the purchase of liability insurance prior to the first accident. Every state now requires "security" except Massachusetts,[17] although it is somewhat ironic to note that in enacting the new security-type statute, many states repealed the requirement of "proof," and at present, only 21 states require both "proof" and "security" in the event of an accident.[18]

B. *Operation of Present Statutes*

Since the majority of states based their statute on the provisions of

15. *See* Grad, *supra* note 10, at 306 discussing the criticisms put forth by the *Columbia Report.*

16. Johnson, *The Modern Trend in Financial Responsibility Legislation,* 1944 ABA INS. SECTION 67, 69.

17. In an action against a non-resident, a plaintiff can move for security; *see* note 8 *supra.*

18. KEETON & O'CONNELL, *supra* note 6, Appendix B.

the Uniform Motor-Vehicle Safety Responsibility Act,[19] the basic operation of the laws is quite similar. Financial responsibility laws do not take effect until a driver is either involved in an accident resulting in personal injury or property damage above a statutory minimum or is convicted of a serious driving violation. Thus, unlike compulsory insurance laws, these statutes operate after the fact.[20]

In the event of an accident involving personal injury or property damage in excess of a statutory minimum,[21] the operators of the vehicles involved are required to report the accident in writing to a designated official within a short period after the accident (normally ten days). Failure to report can result in suspension of the operator's license and vehicle registration.[22] Thereafter, the official will determine the amount of security required to be posted, up to the statutory maximum.[23] Thereafter, within a certain period after the report (normally 60 days) the official will revoke the license and registrations of each operator, and in most states each owner, unless the operators and owners deposit security in a sum sufficient to satisfy potential judgment.[24] These security requirements are imposed regardless of fault, although a minority of states require a preliminary finding of probable fault before the security requirement is imposed.[25] The security requirement can be satisfied by cash, securities or bond; however, the majority of motorists satisfy the requirement by proof of the existence of an automobile liability policy. As to proof of future financial responsibility, most jurisdictions do not require it on the basis of mere involvement in an accident;[26] but, if a motorist has a judgment recovered against him or is convicted of a serious traffic violation, he must then not only satisfy the past judgment (presumably out of the security deposit) but must give proof of future financial responsibility for a period ranging from one year to indefinitely.[27]

19. UNIFORM VEHICLE CODE ch. 7 (1962 version) (Nat'l Comm'n on Uniform Traffic Laws and Ordinances). The Tennessee statute is typical of the majority of states; thus, reference will be made to its law as an example of pertinent provisions.

20. However, Connecticut and Rhode Island require minors owning vehicles to furnish proof prior to registration. Maryland requires proof prior to granting a minor a license.

21. The sum varies from no minimum in Oregon to $250 in Nevada. 35 states require $100.

22. *See, e.g.*, TENN. CODE ANN. § 59-1203 (Supp. 1967).

23. The statutory maximum normally amounts to $10,000 for each person, $20,000 for each accident and $5,000 for property damage. *See, e.g., id.* § 59-1206(a) (Supp. 1967).

24. *See e.g., id.* § 59-1204 (Supp. 1967).

25. *E.g.*, Vermont. 42 states impose the requirement regardless of fault.

26. 22 states do have such a requirement.

27. The normal period is three years. Maryland's law does not specify the period for which proof is required.

The statutes exempt certain vehicles and accidents, such as self insurers, certain publicly or government owned vehicles, and the owner or operator of a legally parked automobile.[28] These statutes also apply to non-residents and accidents in other states through reciprocity provisions.[29]

Most statutes provide that the license and registrations of a judgment debtor shall be suspended unless the judgment is paid (up to the statutory maximum) within a certain period (usually 60 days) after the date of final judgment.[30] However, most states allow for installment payment of judgments or other agreement satisfactory to the parties and approved by the official.

In nearly every state, the security requirement is terminated by exoneration or settlement, or by a lapse of a certain period (normally one year) with no suit having been brought.[31] Also, some states allow the official or the court to restore limited license or registration privileges where necessary for occupation or livelihood.[32]

III. LEGAL PROBLEMS ARISING OUT OF FINANCIAL RESPONSIBILITY LAWS

A. *Constitutionality*

Financial responsibility laws have been subjected to a wide variety of constitutional attacks[33] and, with few exceptions,[34] have been upheld. The overwhelming majority of the courts have viewed these statutes as a reasonable exercise of police power and thus have held that such laws do not violate the equal protection,[35] or due process clauses,[36] the right against self-incrimination,[37] or the prohibition of imprisonment for civil debt,[38] nor are such laws an improper delega-

28. *E.g.*, Tennessee exempts all three.

29. 42 states provide for reciprocity. *See, e.g.*, TENN. CODE ANN. § 59-1208 (Supp. 1967).

30. *See, e.g., id.* § 59-1219 (Supp. 1967).

31. *See, e.g., id.* § 59-1212 (Supp. 1967).

32. *E.g.*, Delaware and Michigan.

33. For an exhaustive summary of the cases and constitutional questions raised, see Annot., 35 A.L.R.2d 1011 (1954).

34. *E.g.*, State v. Kouni, 58 Idaho 493, 76 P.2d 917 (1938) (no provision for notice, hearing or review).

35. *E.g.*, Escobedo v. State Dept. of Motor Vehicles, 35 Cal. 2d 870, 222 P.2d 1 (1950).

36. *E.g., id.*; Reitz v. Mealey, 314 U.S. 33 (1941).

37. Surtman v. Secretary of State, 309 Mich. 270, 15 N.W.2d 471, *cert. denied* 323 U.S. 806 (1944).

38. Sullins v. Butler, 175 Tenn. 468, 135 S.W.2d 930 (1940).

tion of judicial power,[39] or special legislation.[40]

1. *Due Process.*—The majority of cases involving the constitutionality of these laws have attacked the provision providing for revocation or suspension of a license without prior hearing as a violation of procedural due process. In a long line of decisions, courts throughout the country have upheld this provision on the grounds that judicial review was available, and that a license to drive and use of the highways was a privilege[41] rather than a right[42] and the right to revoke the privilege was a condition precedent to granting it.

Just as it appeared as though the due process question had been settled, the Colorado Supreme Court decided *People v. Nothaus*[43] in 1961, holding that the provision which allowed summary suspension of licenses and registrations, without prior hearing, for failure to deposit security was unconstitutional as a violation of due process. The majority reasoned that such a provision exceeded permissible police power, since the statute does not protect the public but is used only to coerce payment and also, that the right to use the highways was an inalienable one. The court appeared to rest its decision upon a concept of vested rights although ironically it stated that a compulsory insurance law as a condition precedent to issuance of a license would be valid. This decision generated considerable comment,[44] with at least two writers strongly supporting the decision.[45] Nevertheless, in the only subsequent decision[46] concerning this issue, the Arizona Supreme Court adhered to the majority view, and thus it would appear that the weight of authority together with the ringing endorsement of such laws by the United States Supreme Court[47] has effectively isolated the *Nothaus* decision. Despite this fact, it should be noted that nearly all statutes now provide for a hearing upon request.[48]

39. *E.g.*, Escobedo v. State Dept. of Motor Vehicles, 35 Cal. 2d 870, 222 P.2d 1 (1950).

40. Watson v. State Division of Motor Vehicles, 212 Cal. 279, 298 P. 481 (1931).

41. See cases cited in Schecter v. Killingsworth, 93 Ariz. 273, 279, 380 P.2d 136, 139-40 (1963).

42. Escobedo v. State Dept. of Motor Vehicles, 35 Cal. 2d 870, 222 P.2d 1 (1950); Berberian v. Lussier, 87 R.I. 226, 139 A.2d 869 (1958); wherein both courts upheld such a provision even though holding that the license to drive was a right.

43. 363 P.2d 180 (Colo. 1961).

44. There were some ten case comments including 48 IOWA L. REV. 140 (1962); 30 GEO. WASH. L. REV. 523 (1962).

45. Kelleghan, *The Illinois Financial Responsibility Law: is it Constitutional?*, 51 ILL. B.J. 116 (1962); *see also* 30 GEO. WASH. L. REV. 523, 529 (1962).

46. Schecter v. Killingsworth, 93 Ariz. 273, 380 P.2d 136 (1963).

47. Kesler v. Dept. of Public Safety, 369 U.S. 153 (1962) (dictum).

48. *E.g.*, TENN. CODE ANN. § 59-1202 (Supp. 1967) (request must be made within 60 days following order). In Colorado and New Jersey, a request for hearing stays suspension.

2. *Bankruptcy.*—Every state has a provision to the effect that a discharge in bankruptcy following a final judgment shall not relieve the judgment debtor from any requirements of the financial responsibility law.[49] Although the United States Supreme Court upheld the validity of this provision in *Reitz v. Mealey*,[50] the constitutionality was recently attacked in *Kesler v. Department of Public Safety*,[51] by a trustee in bankruptcy on the ground that such a provision conflicted with section 17 of the Bankruptcy Act[52] and was therefore void under the supremacy clause[53] of the United States Constitution. The majority upheld the provision even though it conflicted with the Bankruptcy Act. The majority reasoned that financial responsibility laws were vital to the police power of the state as a deterent to unsafe driving,[54] and such interest was unrelated to the policy behind the Bankruptcy Act. Thus, there was no "clear collision with a national law which has the right of way under the supremacy clause."[55] It would appear that constitutional questions concerning financial responsibility laws have by and large been settled.

B. *Insurers' Liability Under the Insurance Contract in Relation to the Requirements of the Financial Responsibility Laws*

The greatest source of litigation with respect to financial responsibility laws has concerned the liabilities of insurers under the terms of the insurance contract where such terms conflict with the policies sought to be achieved by the laws. In form, the automobile liability policy is an indemnity contract for protection of the insured, or a two-party contract. In practice, it also fulfills the function of compensating the victims of the insured's negligence, and this compensatory element is recognized in many states through a statutory right of allowing an injured party to sue on a policy where his judgment against the insured is unsatisfied. Since the rights of the injured party in such a case are dependent upon the validity of the insurance policy, such a suit is generally precluded where the insured has

49. *E.g.*, TENN. CODE ANN. § 59-1236 (Supp. 1967). 49 states and the District of Columbia have a statutory provision; Florida has construed the same result in absence of statute; *see* 1959 Fla. Op. Atty. Gen. 059-20.

50. 314 U.S. 33 (1941).

51. 369 U.S. 153 (1962). The majority opinion contains an excellent discussion of the development of these laws.

52. 11 U.S.C. § 35(a), "A discharge in bankruptcy shall release a bankrupt from all of his provable debts . . . ."

53. U.S. CONST. art. VI.

54. The majority referred to *Reitz v. Mealey* for the proposition that the policy of the laws would be frustrated if negligent drivers could avoid its effect "by the simple expedient of voluntary bankruptcy." 369 U.S. 153, 169 (1962).

55. 369 U.S. 153, 172 (1962). Chief Justice Warren and Justice Black dissented.

breached the terms of the policy. Thus, in absence of statute, the injured party cannot recover where the insured procured the policy by fraud or misrepresentation, breached a warranty, violated a policy provision, delayed in reporting an accident, failed to cooperate with the insurer in defending a suit, or breached in any one of a number of other ways.[56] Despite the existence of such defenses, the advent of financial responsibility laws, with their strong policy of protecting the public against loss or injury due to financially irresponsible motorists, has caused the courts and the legislatures to stress the compensatory feature of liability insurance, and as a result, they have to some extent sought to give the injured party rights under the insurance contract, independent of the insured's rights, derived from the statute and public policy.[57] As a result these laws have greatly affected many of the traditional contractual defenses. However, there is an important distinction between certification of a policy as "proof" of financial responsibility and "notice" by the insurer of a policy in effect at the time of an accident.

1. *Certification as "Proof."*—The method most commonly used for furnishing evidence of financial responsibility in the future is the filing of a certificate (usually referred to as an "SR-22") by an insurer certifying that it has in force a motor vehicle liability insurance policy in specified amounts and in accordance with the requirements of the law. By filing such a certificate, many of the exclusions and conditions of the policy are no longer available to the insurer in a suit by the injured party.

Over two-thirds of the states have provisions which define the requirements of a certified "motor vehicle liability policy"[58] as being "proof," and further, provide that such policy cannot be cancelled or terminated unless notice (normally ten days) is filed with the designated official.[59] The most important clause in these provisions is that upon an injury or damage covered by the policy, the liability of the insurer becomes 'absolute" and cannot thereafter be cancelled; nor will any statement by the insured or violation of the policy defeat or void the policy.[60] However, the weight of authority is that such a provision only applies to policies "required" as proof under the

56. *See* Note, *Insurance Law—Financial Responsibility Laws—Insurer's Absolute Liability After Accident,* 27 N.Y.U. L. REV. 817 (1952) and cases cited therein. The author also cites Bickford, *Actions Against Insurers Under Condition 7 of the Standard Automobile Liability Policy,* 1940-1941 ABA INS. SECTION 45.

57. Hartford Acc. & Indem. Co. v. Wolbarst, 95 N.H. 40, 57 A.2d 151 (1948).

58. *E.g.,* TENN. CODE ANN. § 59-1223 (Supp. 1967). *See also,* UNIFORM VEHICLE CODE, § 7-324 (1962) (Nat'l Comm'n on Uniform Traffic Laws and Ordinances).

59. TENN. CODE ANN. § 59-1224 (Supp. 1967).

60. *E.g., id.* § 59-1223(1).

statute, and does not apply to an automobile liability policy voluntarily obtained in order to comply with the security requirement should the need arise.[61]

The term "absolute liability" does not mean absolute in a literal sense. Thus, there is no liability where the accident occurred after the policy expired,[62] or where the insured concealed the fact that the accident sued on occurred prior to the application,[63] or where a policy excludes an employee covered by workmen's compensation.[64] The courts have also held that the common law remedies of rescission and cancellation *ab initio* on the grounds of fraud or concealment in procuring the policy have been displaced by the statutory cancellation procedures provided.[65]

As previously stated, certification bars many defenses normally available to the insurer. Thus it has been held that failure to notify the insurer of an accident,[66] breach of warranty of sole ownership,[67] failure to notify insurer of a newly acquired automobile within 30 days,[68] lack of cooperation of insured,[69] operating an automobile owned by the insured but not declared in the policy,[70] and a reservation of rights agreement entered into prior to certification[71] are not valid defenses. The fact that the insured was involved in an illegal act at the time of the accident has also been denied as a defense to the insurer.[72] Perhaps the most extreme holding has been denial of the defense that the injury occurred as a result of the insured's intentional tort.[73] The question of collusion between the insured and

61. *E.g.*, Hoosier Cas. Co. v. Fox, 102 F. Supp. 214, 232 (N.D. Iowa 1952) (words "Motor vehicle liability policy" held to be a term of art referring only to policies certified as proof). *See also* 6 U. KAN. L. REV. 358, 367 n.67 and cases cited therein (1958).

62. Wilkins v. Inland Mut. Ins. Co., 253 F.2d 489 (4th. Cir. 1958).

63. Continental Cas. Co. v. Lanzisero, 119 N.J.Eq. 166, 181 A. 170 (1935). *But see* Royal Indem. Co. v. Granite Trucking Co., 296 Mass. 149, 4 N.E.2d 809 (1936).

64. Ambrose v. Indemnity Ins. Co. of N. Am., 124 N.J.L. 438, 12 A.2d 693 (1940).

65. Teeter v. Allstate Ins. Co., 9 App. Div. 2d 176, 192 N.Y.S.2d 610 (1959); Atlantic Cas. Ins. Co. v. Bingham, 10 N.J. 460, 92 A.2d 1 (1952).

66. Royal Indem. Co. v. Olmstead, 193 F.2d 451 (9th Cir. 1951).

67. Century Indem. Co. v. Simon, 77 F. Supp. 221 (D. N.J. 1948).

68. Merchants Mut. Cas. Co. v. Egan, 91 N.H. 368, 20 A.2d 480 (1941) (failure to notify insurer of insured's legal representative within 30 days of insured's death).

69. Continental Ins. Co. v. Charest, 91 N.H. 378, 20 A.2d 477 (1941).

70. Montgomery v. Keystone Mut. Cas. Co., 357 Pa. 223, 53 A.2d 539 (1947). *But see* Levinson v. Travelers Indem. Co., 129 S.E.2d 297 (N.C. 1963).

71. La Point v. Richards, 66 Wash. 2d 585, 403 P.2d 889 (1965).

72. Sperling v. Great Am. Indem. Co., 7 N.Y.2d 442, 166 N.E.2d 482 (1960); Sky v. Keystone Mut. Cas. Co., 150 Pa. Super. 613, 29 A.2d 230 (1942). In both cases the insured was driving a stolen vehicle. For a discussion of these cases and note 73 *infra*, see (Comment, *Insurance—Financial—Responsibility Laws—Operation to Deprive Insurers of Certain Defenses*, 40 ORE. L. REV. 351, 356-58 (1961).

73. Hartford Acc. & Indem. Co. v. Wolbarst, 95 N.H. 40, 57 A.2d 151 (1948).

injured party as a valid defense has not arisen thus far; but since there would seem to be no valid reason to extend liability to a fraudulent third party claimant, such defense would probably be valid.

2. *"Notice" of Policy in Existence as "Security."*—As previously stated, there is an important distinction between certification of a policy as proof for future liability, and notice by an insurer of a policy in effect at the time of an accident in order to satisfy the requirement of security. Where a policy has not been certified as proof of financial responsibility for the future, but voluntarily procured by the insured to meet the security requirement should the need arise, the majority of courts have held that the liability of the insurer is not absolute, and it may take advantage of policy defenses and exclusions.[74] The courts have distinguished between a "motor-vehicle liability policy" required by law as proof, and an "automobile liability policy" which has not been certified as proof.[75]

One problem which has arisen concerns the effect of the "conformity clause." Most policies contain a provision stating that the policy will conform to the financial responsibility laws of any state, and as a result, some courts have held that this caused the liability of the insurer to become absolute regardless of whether the policy was certified as proof.[76] The confusion has been largely the result of a group of decisions from New Jersey[77] and New Hampshire.[78] However, with respect to these two states, the holdings were based upon special statutory provisions.[79] It appeared that the confusion with respect to conformity clauses had been rendered moot with the 1955

The insured intentionally bumped another automobile causing it to go out of control and crash. The court reasoned that the injuries were within the statutory langauge "accidentally sustained." *See also* Nationwide Mutual Ins. Co. v. Roberts, 261 N.C. 285, 134 S.E.2d 654 (1964) (holding that intentionally inflieted injuries were within the coverage of the policy).

74. *See* Risjord & Austin, *The Financial Responsibility Condition of the Automobile Liability Policy*, 25 U. KAN. CITY L. REV. 83, 85-90 (1956). *See also* 10 OKLA. L. REV. 195, 196 n.1 and cases cited therein (1957).

75. *See, e.g.*, Hoosier Cas. Co. v. Fox, 102 F. Supp. 214, 232 (N.D. Iowa 1952) *See also* Comment, *The New Kansas Motor Vehicle Safety Responsibility Act*, 6 U. KAN. L. REV. 358, 367 n.67 and cases cited therein (1958).

76. *E.g.*, Traders & Gen. Ins. Co. v. Pioneer Mut. Comp. Co., 127 Colo. 516, 258 P.2d 776 (1953); Hartford Acc. & Indem. Co. v. Wolbarst, 95 N.H. 40, 57 A.2d 151 (1948).

77. Comment, *supra* note 75, at 367 n.68 and cases cited therein.

78. *E.g.*, Farm Bur. Auto. Ins. Co. v. Martin, 97 N.H. 196, 84 A.2d 823 (1951).

79. New Jersey's statute does not define a motor vehicle liability policy, and sets forth additional conditions which must be met before any policy would issue, N. J. STAT. ANN. § 39:6-20 (1940); however, this provision has been repealed. N.J. STAT. ANN. § 39:6-23 (1961). The New Hampshire statute makes all policies absolute, regardless of certification. N. H. REV. STAT. ANN. § 268:18 (1957). This statute will be more fully discussed *infra*.

revision of the standard automobile liability policy declaring the conformity clause applicable only when the policy "is certified as proof."[80] However, some recent courts, apparently relying to a substantial degree upon considerations of public policy, have held that a conformity clause does read the statutory requirements into the policy, at least with respect to omnibus coverage,[81] notwithstanding the fact that the policy was not certified as proof.[82]

3. *Effect of Filing "Notice" upon Insurers' Liability.*—A troublesome issue which has arisen in recent years has concerned the effect upon insurer's liability of filing "notice" of an effective policy in order to satisfy the security requirement. In order to meet this requirement, a great majority of drivers and owners carry liability insurance. Under financial responsibility laws, a driver and owner of a vehicle involved in an accident are required to file an accident report, and upon demand for security, file a statement that either or both has a liability policy within the statutory requirements. The designated official then sends a notice to the insurer asking whether there is in fact a policy in effect which covers the driver/owner with respect to the accident. The insurer then has a certain period in which to file notice (normally called an "SR-21") whether there is coverage or to deny liability under the policy.

A typical factual situation can be described as follows: The insured notifies the insurer (normally through his agent) of an accident and the insurer files an SR-21 acknowledging a valid policy in effect. Subsequently the insurer ascertains that there is in fact no coverage, since the driver came within an exclusion, or that there is a valid policy defense; or, the insurer's investigation may have disclosed no coverage, but in the meantime an employee or agent of the insurer erroneously filed an SR-21 admitting coverage. Thus, the question arises, what is the legal effect of such erroneous filing upon the liability of the insurer. A good many courts have held that filing of an SR-21 does not preclude an insurer from later raising a defense or exclusion.[83] However, the Wisconsin Supreme Court reached a contrary result in a series of cases commencing with *Laugh-*

80. *See* Risjord & Austin, *supra* note 74, at 83 n.2.

81. *E.g.*, Jenkins v. Mayflower Ins. Exch., 93 Ariz. 287, 380 P.2d 145 (1963); Wildman v. Government Employees' Ins. Co., 48 Cal. 2d 31, 307 P.2d 359 (1957); Howard v. American Service Mut. Ins. Co. 151 So. 2d 682 (Fla. App. 1963).

82. For an excellent discussion of the effect of the conformity clause, see Annot., 8 A.L.R.3d 388 (1966).

83. *E.g.*, State Farm Mut. Auto. Ins. Co. v. West, 149 F. Supp. 289 (D. Md. 1957); Hoosier Cas. Co. v. Fox, 102 F. Supp. 214 (N.D. Iowa 1952); Strode v. Commercial Cas. Ins. Co., 102 F. Supp. 240 (W.D. Ky. 1952). *See also* Risjord & Austin, *supra* note 74, at 90 n.29 and cases cited therein.

nan v. Griffiths.[84] These cases involved situations where the operator of the vehicle was not covered; but through error on the part of the insurer, an SR-21 was filed admitting coverage. In *Laughnan* the court held that an insurer could make itself liable where, after investigating the facts, it voluntarily filed an SR-21, intending to be bound thereby, although without such filing it might not be bound.[85] The court reasoned that under the statute, the insurer had 60 days in which to file, and this gave an adequate opportunity for a thorough investigation. In *Behringer v. State Farm Mutual,*[86] the court carried the *Laughnan* holding even further in holding that an insurer was conclusively bound by filing an SR-21 as to any act or facts existing at time of filing which it then knew or could have known through the exercise of due diligence.[87] The Wisconsin court did not state any specific legal theory upon which it was proceeding, and as a result, writers speculated that these decisions may have been based upon waiver,[88] estoppel,[89] or contract liability.[90] However all of these suggestions have been criticized,[91] and the *Prisuda* court expressly denied that it was proceeding upon any of these three theories.[92] Without actually stating public policy as the reason, the Wisconsin court appeared to have been motivated by an attempt to extend the protection of the statute to certain plaintiffs who otherwise would not be recompensed. The decisions could also be interpreted as a judicial dislike for technical policy defenses and an effort by the court to engraft as much of the absolute liability contained in the "certification of proof" provisions as possible onto the "notice" provisions. Subsequent to this line of decisions, and perhaps as a result, the Wisconsin

84. 271 Wis. 247, 73 N.W.2d 587 (1955); Prisuda v. General Cas. Co. of Amer., 272 Wis. 41, 74 N.W.2d 777 (1956); 40 MARQ. L. REV. 241 (1957); Behringer v. State Farm Mut. Auto. Ins. Co., 275 Wis. 586, 82 N.W.2d 915 (1957); Prisuda v. General Cas. Co. of Amer., 1 Wis.2d 166, 83 N.W.2d 739 (1957); Laughnan v. Aetna Cas. & Sur. Co., 1 Wis.2d 113, 83 N.W.2d 747 (1957); 106 U. PA. L. REV. 928 (1958); Challoner v. Pennings, 6 Wis. 2d 254, 94 N.W.2d 654 (1959).

85. 73 N.W.2d at 594. The court construed the SR-21 as an admission against interest.

86. 82 N.W.2d 915 (1957).

87. *Id.* at 918.

88. 40 MARQ. L. REV. 241, 244 (1957).

89. *Id.*

90. Miller, *SR-21, Notice or Contract,* 24 INS. COUNSEL J. 130 (1957).

91. The theory of estoppel is insufficient to create liability since there is no detrimental reliance by the injured party. Since the insurer didn't intentionally relinquish known rights, *Hoosier Cas. Co. v. Fox,* 102 F. Supp. 214 (N.D. Iowa 1952) would say there is no waiver.

92. Prisuda v. General Cas. Co. of Amer., 1 Wis. 2d 166, 83 N.W.2d 739, 742 (1957).

legislature revised the statute greatly mitigating the effect of these cases.[93]

Laughnan v. Aetna Casualty raised another issue which could well be the source of future litigation as to the extent of insurer liability. In *Laughnan,* the actual policy limits were $10,000/$20,000, whereas the statutory limits were $5,000/$10,000. The insurer argued that even if the filing of the SR-21 was conclusive, such liability could not exceed the statutory limits. Prior cases construing the effect of absolute liability of insurers under certification provisions had held that such liability was absolute only up to the statutory limits.[94] *Laughnan* held that the insurer was liable up to the limits of the policy on the ground that the SR-21 brings the actual policy before the court.[95] While at first glance such a holding may seem unjust to the insurer by heaping insult onto injury,[96] it can be justified. By barring certain policy defenses, the insured is, in effect, protected to the same extent under the policy as though there were no policy violations; since the parties bargained for coverage in excess of the statutory limits, there is no reason why the insured should be denied the full measure of the protection for which he has paid premiums. Nevertheless, it is doubtful that insurers will accept such a result without further litigation.

4. *"Omnibus" Coverage.*—Most automobile liability policies contain an "omnibus" clause which provides that the term "insured" shall include anyone driving the vehicle with the express or implied permission of the "named insured." The courts have been quite liberal in interpreting "permission" of the named insured, so as to bring as many drivers as possible within the omnibus coverage.[97] Since omnibus coverage is required by most statutes in policies certified as proof,[98] the insurer is liable whether such coverage actually

93. For a discussion of the revised Wisconsin statute, see Miller, *The New SR-21 in Wisconsin,* 25 INS. COUNSEL J. 342 (1958); Note, *Insurance—The New Safety Responsibility Law,* 1959 WIS. L. REV. 552.

94. *E.g.,* Behaney v. Travelers Ins. Co., 121 F.2d 838 (3d Cir. 1941); Farm Bur. Auto Ins. Co. v. Martin, 97 N.H. 196, 84 A.2d 823 (1951).

95. 83 N.W.2d 747, 758.

96. Assuming that the policy limits were $100,000/$300,000, the insurer could certainly argue that the injured party is receiving a windfall, since without imposition of liability by the court, the insurer would not be liable at all, because in effect, there is no contract for coverage.

97. *See, e.g.,* Teague v. Tate, 27 CCH AUTO. CAS. 2d 1037 (Tenn. Ct. App. 1962) (father gave son permission who in turn gave friend permission; held, second permittee had implied consent of owner); Landis v. New Amsterdam Cas. Co., 347 Ill. App. 560, 107 N.E.2d 187, 191 (1952). *See also* 6 U KAN. L. REV. 358, 369 n.84 (1958) and cases cited therein.

98. *E.g.,* TENN. CODE ANN. § 59-1223(b)(2) (Supp. 1967).

exists or not. Recent litigation has arisen concerning the effect of a restrictive endorsement excluding ommibus coverage in policies not certified as proof. The majority of courts have held that such coverage is only required in certified policies.[99] However, in *Wildman v. Government Employees Insurance Company*,[100] the California Supreme Court held that such a restrictive endorsement excluding coverage to permissive drivers other than the named insured violated public policy and was therefore invalid. Thus, such coverage must be considered a part of every liability policy, regardless of the actual policy provisions. This decision incurred bitter comment on the part of insurance writers[101] as a judicial attempt to engraft certification provisions onto voluntary policies which was tantamount to judicial legislation.

Although the California legislature revised the statute so as to allow such a restrictive endorsement as to non-certified policies,[102] *Wildman* has been followed in some five states.[103] The most recent case to follow *Wildman* was *Jenkins v. Mayflower Insurance Exchange*,[104] where the insurer attempted to defend on the ground that a "motor vehicle liability policy" was a term of art.[105] The court conceded that a great majority of cases supported the insurer's argument, but reasoned that to allow such a defense would defeat public policy and the purposes of the statute.

5. *New Hampshire Solution.*—Although the efforts of some courts to impose additional liability upon insurers has been strongly criticized, such attempts are understandable in view of the strong public policy in favor of compensation for victims. It makes little sense to afford a greater degree of protection under the "proof" provisions when it is in the "security" situation where the need for protection

99. *See* Evans, *Financial Responsibility Laws Confusing to Jurists*, 14 FED. INS. COUNSEL Q. 66, 70 n.7 and cases cited therein (1964).

100. 48 Cal. 2d 31, 307 P.2d 359 (1957).

101. *E.g.*, Evans, *Voluntary or Certified*, 8 FED. INS. COUNSEL Q. 80 (1958). *See also*, Evans, *supra* note 99. It should be noted that a minority of jurisdictions arrived at a similar result; however, this was due to particular statutory provisions. *See* Evans, *supra* note 99, at 68.

102. CALIF. INS. CODE § 11580.1(e) (1963).

103. Howard v. American Service Mut. Ins. Co., 151 So. 2d 682 (Fla. Dist. Ct. App. 1963); Standard Acc. Ins. Co. v. Allstate Ins. Co., 178 A.2d 358 (N.J. Super. App. Div. 1962). *See also*, Saffore v. Atlantic Cas. Ins. Co., 21 N.J. 300, 121 A.2d 543 (1956); 10 OKLA. L. REV. 195 (1957) (same result prior to *Wildman*); Iszczukiewicz v. Universal Underwriters Ins. Co., 290 F.2d 590 (6th Cir. 1961) (interpreting Ohio law). *But see* Moyer v. Aron, 175 Ohio St. 490, 196 N.E.2d 454 (1964); Protective Fire & Cas. Co. v. Cornelius, 125 N.W.2d 179 (Neb. 1963).

104. 93 Ariz. 287, 380 P.2d 145 (1963) (endorsement excluding operator who was member of armed forces).

105. *See* Jenkins v. Mayflower Ins. Exch., 93 Ariz. 287, 380 P.2d 145 (1963), and cases cited therein.

is most acute. Nevertheless, the fact remains that nearly all statutes do make a distinction, and so long as this is true, litigation will continue.

New Hampshire has again taken the lead in providing a solution to this problem. The New Hampshire statute provides that no motor vehicle liability policy can be issued in the state, either before or after the requirements of security and proof, unless it meets the requirements for the policy as defined in the law.[106] This has the effect of making the minimum coverage of every policy uniform with the insurer's liability, being the same under either requirement. It is submitted that such a provision obviates most of the constructional difficulties arising under the present laws and renders litigation such as was involved in *Wildman* and the Wisconsin cases unnecessary.

IV. PROPOSAL FOR REFORM

A. *Criticisms of Existing Laws*

The present financial responsibility laws have been strongly supported by the insurance industry[107] and have even "been hailed as the solution to our problem"[108] by some writers, although many more would disagree. One basic weakness of the existing laws is that they are "remedial" rather than "preventive." As a result, every driver is to a large extent still entitled to one free accident. As one writer has observed:

> Whether the insolvent motorist is deprived of his license upon his inability to deposit security, or upon his inability to satisfy a final judgment is a matter of little concern to the hapless victim who cannot recover in either case.[109]

Serious defects still exist in the method of enforcement. The initiative in reporting accidents and invoking the aid of the law is still largely left with the injured party, and, although criminal sanctions exist for failure to report, enforcement is another matter where the injured party resigns himself to non-recovery or where both drivers are uninsured.

106. N.H. REV. STAT. ANN. §§ 268:15-18 (Supp. 1967).

107. Craugh, *The Problem of the Financially Irresponsible Motorist*, 1955 INS. L.J. 310; Wise, *Financially Irresponsible Motorist and the Uncompensated Accident Victim*, 1957 INS. L.J. 139 (the greatest fear among the insurance industry is eventual governmental owenership and operation of the insurance business).

108. Grad, *Recent Developments in Automobile Accident Compensation*, 50 COLUM. L. REV. 300, 309 (1950), referring not to his own views but to those expressed by Wagner, *Safety Responsibility Laws—A Review of Recent Developments*, 9 GA. B.J. 160 (1946), and Johnson, *The Modern Trend in Financial Responsibility Legislation*, 1944 A.B.A. INS. SECTION 67.

109. Grad, *supra* note 108, at 311.

The advocates of the laws point to the increased percentage of insured drivers subsequent to passage of these laws, and argue that the victims of the first accident are protected to a greater extent than before. One writer estimated that in 1950, eight states had 90 per cent or more insured vehicles, and in fourteen states, 80-89 per cent of the vehicles were insured.[110] However, recent writers claim the more accurate average to be about 83 per cent with a high of 87.8 per cent in California.[111] Even conceding the fact that the laws encourage voluntary coverage, a substantial number of motorists are still uninsured,[112] and the uninsured are usually financially irresponsible. As one writer has observed, "very often . . . these uninsured cars will be our most dangerous cars—old ones—driven by our most dangerous drivers—young ones."[113]

Other serious weaknesses of existing laws are the inherent "gaps." For example, the victim of the hit-and-run driver has no known tortfeasor against whom he can invoke the law. Perhaps the more predominant "gap" victims are those injured by an uninsured driver of a stolen vehicle or a driver without the consent of the insured, as well as those cases where the insurer disclaims liability or denies coverage after loss.[114]

Perhaps the most basic weakness of such laws is that they encourage or require only tort liability insurance, thereby leaving the victim of an unavoidable accident uncompensated and other victims to the "long and uncertain gauntlet of personal injury litigation."[115]

B. *Existing Attempts To Close the "Gaps" of Financial Responsibility Laws*

In an effort to close many of the inherent gaps of existing laws,

110. Marryott, *Automobile Accidents and Financial Responsibility*, 1953 INS. L. J. 758, 760 Table 1.

111. Ames, *The Automobile Accident Commission Proposal*, 14 U. FLA. L. REV. 398, 400 (1962). However, these figures do not reflect compulsory insurance states. KEETON & O'CONNELL, *supra* note 6, at 65-66, estimate the national average of insured drivers at 85%.

112. Assuming that 87.8% of the vehicles in California are insured, that still leaves 1,252,334 uninsured vehicles out of a total of over 10 million. Tennessee, which is close to the national average with respect to the number of registered vehicles would have approximtaely 300,000 uninsured vehicles and 400,000 uninsured drivers if 83% of the total were insured.

113. KEETON & O'CONNELL *supra* note 6, at 66, citing O'Connell, *Taming the Automobile*, 58 NW. U.L. REV. 299, 336 (1963).

114. *See* Ward, *The Uninsured Motorist: National and International Protection Presently Available and Comparative Problems in Substantial Similarity*, 9 BUFF. L. REV. 283, 290 (1960).

115. KEETON & O'CONNELL, *supra* note 6, at 109.

various states have enacted supplementary legislation in an effort to augment the existing protection.

1. *Assigned Risk Plans.*—26 states presently provide for assigned risk plans whereby the state requires insurers to apportion among themselves applicants for insurance policies who are in good faith entitled, but unable, to procure insurance through ordinary methods.[116] Although such plans have no effect upon those choosing to drive without insurance, it does make insurance available to those who desire it, such as elderly persons and younger drivers whom insurers are normally hesitant to insure.

2. *Uninsured Motorist Coverage.*—At present, 23 states require that insurers provide uninsured motorist coverage in policies issued within the state. This coverage indemnifies a named insured and members of his household against loss from inability to collect a valid claim or judgment against an uninsured motorist for personal injury or death (ordinarily not for property damage) resulting from a motor vehicle accident.[117] However, ironically some seventeen states allow the insured to reject this coverage. There are also other criticisms of this coverage: some versions of this coverage do not make it clear whether hit-and-run victims are covered; also, the victim must prove tort liability on the part of the uninsured motorist. One significant improvement of such coverage is that ordinarily it provides for arbitration of disputes between insurer and insured.

3. *Unsatisfied Judgment Funds.*—Perhaps the most significant attempt to insure financial responsibility of the legally responsible motorist has been the unsatisfied judgment fund. Four states—North Dakota,[118] New Jersey,[119] Maryland,[120] and Michigan[121]—presently have such provisions. New York has a similar plan, which will be

116. *E.g.*, TENN. CODE ANN. § 59-1238 (Supp. 1967). The constitutionality of such plans was upheld in California State Auto. Ass'n Inter-Ins. Bureau v. Maloney, 341 U.S. 105 (1951).

117. For excellent discussions of the mechanics and operation of such coverage, see Donaldson, *Uninsured Motorist Coverage*, 34 INS. COUNSEL J. 57 (1967); 19 SO. CAR. L. REV. 269 (1967).

118. N.D. CENT. CODE §§ 39-17-01 to -10 (Supp. 1967). For a discussion of the North Dakota law, see Note, 5 S.D.L. REV. 108 (1960).

119. N.J. STAT. ANN. §§ 39:6-61 to -91 (Supp. 1967). For a discussion of the New Jersey law, see Bambrick, *A Look At The New Jersey Unsatisfied Claim and Judgment Fund*, 1956 INS. L.J. 725.

120. MD. ANN. CODE art. 66 1/2 §§ 150-79 (Supp. 1967).

121. MICH. STAT. ANN. §§ 9.2801-31 (Supp. 1968). For a discussion of the Michigan law, see Note, *Motor Vehicles—Legislation—The Michigan Motor Vehicle Accident Claims Act*, 65 MICH. L. REV. 180 (1966).

discussed subsequently. Basically these laws, with considerable variation in detail, provide for accumulation of a state fund, partly from motor vehicle registration fees and the remainder from assessments against insurers writing automobile liability policies in the state. A person with an unsatisfied judgment from an automobile accident in excess of a minimum amount, can apply to the court for an order directing payment out of the fund up to the statutory limits (for example $10,000/$20,000). These statutes also provide benefits to victims of hit-and-run accidents. Nevertheless, such plans still leave certain gaps and have been criticized. In the first place all are dependent on proof of tort liability. Three[122] exclude non-residents, except where reciprocity exists with states that provide similar benefits, and North Dakota excludes non-residents entirely. New Jersey excludes a judgment debtor's family and uninsured motorists and their families.[123] Although the constitutionality of such laws has been upheld,[124] the basic argument against such laws is that they are unfair to the insured motorist who is forced to pay for part of the fund used to compensate victims of uninsured motorists. This comes about through hidden costs in their liability insurance premiums, part of which are used by the insurer to pay the assessments imposed by the state.

4. *New York's MVAIC.*—New York's solution as a supplement to its compulsory insurance law was the creation of the Motor Vehicle Accident Indemnification Corporation (MVAIC),[125] which is an improvement upon the unsatisfied judgment funds. This is a non-profit corporation, whose directors are made up of insurance executives. The fund is maintained solely by a charge on insurers writing automobile policies in New York. The law provides for compensation to victims of accidents caused by either resident or non-resident uninsured motorists, hit-and-run, stolen vehicles, vehicles operated without the owner's permission, insured vehicles in cases where the insurer successfully disclaims liability, and unregistered vehicles.

Although the MVAIC is an improvement over the unsatisfied judgment fund, it is still subject to many of the same criticisms levied at the funds: namely, exclusion of non-residents and unfairness to

122. New York, New Jersey and Maryland.

123. N. J. REV. STAT. § 39:6-70 (Supp. 1967).

124. *E.g.*, Allied Amer. Mut. Fire Ins. Co. v. Commissioner of Motor Vehicles, 219 Md. 607, 150 A.2d 421 (1959).

125. For a thorough discussion of the MVAIC, see Note, *The Problem of the Financially Irresponsible Motorist—New York's MVAIC*, 65 COLUM. L. REV. 1075 (1965); Ward, *New York's Motor Vehicle Accident Indemnification Corporation: Past, Present and Future*, 8 BUFF. L. REV. 215 (1959).

insured motorists.[126] Also, the procedural requirements have been criticized.[127]

C. *Proposal for Reform*

1. *Compulsory Insurance or Proof.*—As previously stated, one of the inherent weaknesses of the existing financial responsibility laws is that they are remedial rather than preventive. Thus, every motorist is free to drive uninsured or without demonstrating any financial responsibility until he is involved in an accident or convicted of a serious traffic violation. The inadequacy of this theory is glaringly apparent, and in essence such legislation is designed to do no more than attempt to lock the barn after the horse is stolen. In an effort to achieve a preventive element, the most logical step would be enactment of compulsory insurance laws. However, due to the persisting hostility of the insurance industry toward such laws, it is doubtful that many states would enact such legislation in the immediate future.

It is submitted that virtually the same result could be achieved by a simple amendment to existing statutes requiring a motorist to demonstrate "proof" of financial responsibility prior to registering his vehicle and/or securing his license. Thus, this would be a "compulsory proof law." A heavy penalty would be imposed for failure to maintain proof at all times, and would apply to owners, drivers, and non-residents.[128] In addition to the compulsory proof provision, the statute could incorporate an assigned risk plan so as to provide coverage to marginal or undesirable risks.

Of course, the logical question which arises at this point is why would a compulsory proof law be any less objectionable to the insurance industry than compulsory insurance laws. There are at least two primary reasons why insurer opposition may not be as great. First, such a law does the least violence to, and works the least interference with, existing insurance practices and procedures, as contrasted with other recent reform proposals. For this reason, a form of compulsory proof legislation has been endorsed by at least one insurance executive.[129] Thus, the threat of state takeover of the insurance industry is not as apparent. The second, and most important reason, is the increasing clamor for reform on the part of writers

126. For a general discussion of the criticisms, see KEETON & O'CONNELL, *supra* note 6, at 115-18.

127. Ward, *supra* note 125, at 236-39.

128. For a proposed "compulsory proof" provision and discussion, see Appendix A *infra*, at I.

129. Craugh, *supra* note 107, at 317.

and the public. Some key legislatures are giving serious attention to the problem of compensation of accident victims.[130] Therefore, should the insurance industry resign itself to the fact that some form of reform is inevitable, it would be to its interest to support a less drastic reform proposal, such as it did when it actively promoted the original safety responsibility laws when faced with the threat of compulsory insurance statutes.

It is submitted that adoption of a compulsory proof provision would also eliminate a great deal of litigation involving the extent of insurer liability. Such a provision would require that all policies be "certified as proof," thereby eliminating the present dichotomy between insurer's liability under the "proof" and "security" provisions, and providing a wider range of protection. Also, such a provision should include a requirement, such as that of New Hampshire, whereby every automobile liability policy sold within the state must meet the minimum coverage requirements of the "motor vehicle liability policy" as defined in the statute. This would foreclose many technical policy defenses and restrictive endorsements.[131]

Another improvement would be to incorporate the present requirement contained in "proof" provisions to the effect that an insurer must notify the state prior to terminating or cancelling coverage. This could also be extended to require notice prior to or immediately after expiration of the policy or voluntary termination by the insured. Thus, the state would be informed as to who is or is not insured at any given time.[132] This of course would present no problem as to those choosing to demonstrate proof by depositing cash, bond or securities, since these items would be held by the state.

2. *Reporting and Enforcement.*—Another serious weakness of existing laws is that, to a great extent, they still rely upon the initiative

130. *Changes Ahead For Auto Insurance?*, U. S. NEWS & WORLD REP., Oct. 2, 1967, at 49-50, states that the Keeton & O'Connell "Basic Protection Plan" is presently under consideration in Massachusetts, Illinois, Michigan, and Minnesota, with comparable plans under consideration in California and New York.

131. For a proposed statutory provision and discussion, see Appendix A *infra*, at II.

132. A problem could arise with respect to possible double coverage. Assume that insurer *A* cancels the policy and sends notice to the state. In the meantime, the motorist obtains a policy from insurer *B*, who files an SR-22. Prior to receipt of notice from insurer *A* or the SR-22 from insurer *B*, the motorist has an accident, and the question could then arise as to which of the insurers is liable or whether they both are. This problem could be avoided by inserting a provision in the statute whereby: (1) insurer *B* becomes primarily liable and insurer *A* secondarily liable, and in neither event will their liability exceed the limits of the primary policy; or, (2) a provision similar to that of the Tennessee statute, whereby the subsequent policy shall be deemed effective as of the date of certification terminating the liability of prior insurers as of that date. *See* TENN. CODE ANN. § 59-1224 (Supp. 1967). For a proposed statutory solution *see* Appendix A *infra*, at III.

of the injured party to report in order to bring the statute into effect. Although criminal penalties are available for failure to report, enforcement may be another matter, and it is difficult to estimate the number of unreported accidents.

In an effort to strengthen enforcement and reporting, Illinois has a system which is less dependent upon the initiative of the victims. The Illinois statute, like those of most states, requires all involved drivers and owners to report; however, Illinois further requires the investigating law enforcement officer to file a copy of his accident report.[133] In addition, the Department of Public Works subscribes to a newspaper clipping service informing them of all fatal accidents.[134] Such measures give the state an independent source of information particularly valuable where both operators are uninsured. States might also consider the feasibility of requiring hospitals, private physicians, garages and auto repair facilities, and tow truck services to make reports.[135]

a. *Impounding.*—At present, California and New York are the only states with provisions for impounding a vehicle in the event that an owner fails to comply with the security provisions of the financial responsibility law.[136] Under the statute, such vehicle is impounded at the owner's expense until he has complied with the conditions set forth in the statute.[137] This provision, in present form, still leaves something to be desired, since it does not come into effect until after the accident. It is submitted that states might investigate the feasibility of impounding under a compulsory proof provision whenever a motorist cannot show proof of financial responsibility.[138] Thus, impounding could often occur prior to an accident and would provide a stimulus to procure insurance. If it achieved nothing else, it would at least remove a number of uninsured vehicles from the highway.

b. *Mandatory Inspection.*—It has been estimated that approximately ten per cent of all traffic accidents are caused by vehicles in unsafe mechanical condition.[139] The 1966 National Vehicle Safety Check, conducted by the National Safety Council, disclosed that lights,

133. ILL. ANN. STAT. ch. 95 1/2, § 138.02 (Smith-Hurd Supp. 1967). It should be noted that this section does not apply to municipalities with over 500,000 inhabitants. *See* Appendix A *infra*, at IV.

134. KEETON & O'CONNELL, *supra* note 6, at 108 n.136.

135. For proposed statutory provisions and discussion, see Appendix A *infra*, at IV.

136. CALIF. VEHICLE CODE § 16102 (1960); N.Y. VEHICLE & TRAFFIC LAW art. 6, § 318(12) (1960).

137. *E.g.*, CALIF. VEHICLE CODE § 16105 (Supp. 1967).

138. For a proposed impounding provision and discussion, see Appendix A *infra*, at V.

139. W. CURRAN & N. CHAYET, TRAUMA AND THE AUTOMOBILE 68 (1966).

including stop lights, were defective on one-third of the vehicles inspected. Other common defects, in order of importance, were: turn signals, brakes, windshield wipers, tires, exhaust systems and steering.[140]

At present, 25 states, the District of Columbia, and 9 cities require a periodic safety inspection of registered vehicles.[141] In addition, numerous other states have enacted enabling legislation in an effort to comply with the National Traffic and Motor Vehicle Safety Act of 1966.[142] Mandatory vehicle inspection certainly has merit and could also be used to implement the purposes of the financial responsibility laws.

The statute would require a periodic inspection at which time the motorist would also have to demonstrate proof of financial responsibility. Thus, the inspection would not only serve to detect unsafe vehicles (which often are uninsured), but would also provide a supplementary means of assuring proof. In addition, the statute could provide for impounding in the event of failure to repair and failure to demonstrate proof.[143]

3. *Supplemental Remedies.*—Regardless of the number and extent of preventive provisions available, it is apparent that there will continue to be uninsured or judgment-proof motorists who somehow manage to evade the requirements of the law. Also, there is the problem of the hit-and-run driver, the driver of the stolen vehicle or one used without permission, the unregistered vehicle or unlicensed driver, and a financially irresponsible non-resident. Obviously the security provisions will have to be retained. Also, it is submitted that all states would do well to adopt the supplementary gap-closing devices to insure a greater measure of protection.

Uninsured motorist coverage should be compulsory, covering the insured and his family. Also such coverage should extend to: hit-and-run, unregistered vehicles, unlicensed drivers, stolen cars or non-permissive users, and insured vehicles where the insurer successfully disclaims liability.[144] This could take a great deal of pressure off the MVAIC fund and leave that remedy available to non-driving victims

140. NATIONAL SAFETY COUNCIL, ACCIDENT FACTS 57 (1967).

141. *E.g.*, MASS. ANN. LAWS ch. 90, § 7A (Supp. 1967) (requiring annual inspection); N. M. STAT. ANN. § 64-21-4 (1960) (requiring inspection at least twice per year but no more than three times per year); WASH. REV. CODE ANN. § 46.32.010 (Supp. 1967) (requiring inspection at such periodic intervals as deemed necessary at the discretion of the chief of the state patrol).

142. 15 U.S.C. § 1381 (Supp. II, 1965-66).

143. For a proposed statutory provision, see Appendix A *infra*, at VI.

144. For a proposed statutory provision, see Appendix A *infra*, at VII.

or others who have no uninsured motorist coverage, such as motorists who deposit cash, securities, or secure a bond.

The MVAIC plan has great merit and is worth considering by states. Moreover, if all states had such a plan, reciprocity would be no problem, and the benefits would be available to non-resident victims. A problem will occur with respect to the uninsured victim who has also failed to demonstrate proof in accordance with the statute, and in this regard the states will have to balance the concepts of fairness with that of assuring maximum compensation to as many victims as possible.

4. *Uniformity.*—Although the majority of statutes were patterned after the earlier uniform "Safety Responsibility Law," considerable diversity still exists between states with respect to application and enforcement. The uniform law was revised in 1962[145] and reflects the new emphasis on security provisions; however, it is still somewhat conservative in its approach.

The area of financial responsibility of motorists is a desirable subject for uniform legislation, particularly in light of the widespread interstate travel prevalent today. It is possible that such uniformity may come in the form of a federal statute. The automobile insurance industry has recently come under strong criticism from state insurance commissions and policy holders with respect to underwriting practices and rates.[146] This has led to congressional investigation, which in turn could lead to federal regulation.[147] This of course would provide a measure of uniformity in insurance, and when one considers this in conjunction with the minimum standards of the National Traffic and Motor Vehicle Safety Act,[148] it would seem but a relatively short, and perhaps logical, step for the federal government to require a measure of uniformity with respect to the financial responsibility of motorists.

V. CONCLUSION

In summary, it is readily apparent that the existing problems which arise under financial responsibility laws adequately demonstrate the need for reform. The existing statutes have too many inherent gaps, and even the supplementary gap-closing measures are no panacea. It is also apparent that if the policy of the state is, or should be, to assure compensation to all traffic victims, such a result can never

145. UNIFORM VEHICLE CODE, ch. 7 (1962 version).
146. *Essay,* TIME, Jan. 26, 1968, at 20-21; U.S. NEWS & WORLD REP., *supra* note 130.
147. U.S. NEWS & WORLD REPORT, *supra* note 130.
148. 15 U.S.C. § 1381 (Supp. II, 1965-66).

be realized through financial responsibility laws. Regardless of how sophisticated and complete such laws become, and, even if it were possible to assure that all motorists would be financially responsible, many victims would still remain uncompensated due to the fact that all of these statutes must function within the existing framework of negligence law, complete with the fault concept. The fault concept has proven itself inadequate to deal with the increasing problem of the uncompensated victim. Its doctrines are often too rigid, too objective and therefore unadaptable to the needs and complexities of a motoring society. The burdens of proof are often onerous, requiring the injured plaintiff to clear the often insurmountable hurdle of the defense of contributory negligence. Moreover, the fault concept has led to serious court congestion, thereby compelling many deserving victims to settle for considerably less than that to which they are entitled as a price for avoiding the long and uncertain process of personal injury litigation. Although the evils of the fault concept are many, its advocates have successfully repelled critics for over 40 years, and adoption of any proposal eliminating the fault concept appears unlikely in the immediate future.

Thus, the fault concept stands as a primary obstacle to an effective system which would guarantee at least a measure of compensation to all traffic victims. Moreover, the fault concept is perpetuated by the financial responsibility law, which even as early as the 1920's was considered a compromise proposal. Nevertheless, such statutes and their supplementary devices are all that are available at present; and to the extent that criticisms of existing measures have merit, perhaps the only positive answer immediately feasible is a counter-proposal for improvement.

LORENCE L. TIMM

Appendices

APPENDIX A

I.

A. *Proof of Financial Responsibility Required.*

No motor vehicle shall be registered in this state nor shall any operator's license be issued unless (optional clause #1—*the owner of such vehicle or applicant for such license certifies that the applicant can demonstrate proof of financial responsibility in the amounts and in accordance with the requirements of this chapter*)

(optional clause #2—*the application for such registration or operator's license is accompanied by proof of financial responsibility of the applicant in accordance with the requirements of this chapter).*

The owner of a motor vehicle and any operator shall maintain proof of financial responsibility continuously throughout the period of registration for each vehicle and throughout the period such operator's license is in effect. Failure to maintain proof of financial responsibility in accordance with the requirements of this chapter shall constitute a misdemeanor.

Comment:

In the opinion of this writer, optional clause number two is preferable. Such a provision compels the motorist to demonstrate precisely how he intends to show proof. However, this provision is essentially a compulsory insurance requirement, and for that reason would undoubtedly incur strong opposition from the insurance industry and legislators who abhor compulsory insurance in any form.

Optional clause number one should certainly encourage the purchase of insurance. One question which may arise concerns certification by a motorist who intends to demonstrate proof by the deposit of cash or securities. It would appear that such a motorist will probably have to deposit in advance for at least two reasons: (1) it is doubtful that the state would merely accept his word without some proof of his ability to respond in this manner; and (2) absent a deposit receipt or some form of acknowledgment, the motorist has no way of demonstrating his compliance with the proof requirement when his vehicle is inspected or upon request of an officer.

Perhaps the main reason why insurers object to a provision requiring filing of insurance certificates with the state is that they consider it an administrative nuisance. To some extent insurers have a valid objection when viewed in light of the Massachusetts provision requiring policies issued in the state to be contiguous with the registration period. Such a requirement could place a tremendous administrative burden upon insurers in the event numerous states should adopt a similar provision.

There appears to be no valid reason for requiring that policies be contiguous with the registration period or that insurers must file a certification each year during the registration period. Once a policy has been certified, it is notice of cancellation or termination which the state is most interested in, and where an insured continuously maintains the same policy in effect or if the policy term is for a period in excess of a year, it seems senseless to require annual certification by the insurer.

B. *Penalty for owning and operating a motor vehicle knowing that proof has not been provided*

Any owner of a motor vehicle registered in this state, or of an unregistered vehicle, who shall operate such motor vehicle or permit it to be operated in this state without having demonstrated and maintained proof of financial responsibility in accordance with the provisions of this chapter, and any other person who shall operate in this state any motor vehicle registered in this state, or an unregistered vehicle, with the knowledge that the owner thereof has not maintained proof of financial responsibility shall be punished by a fine of not less than $500.00 nor more than $1,000.00, or by imprisonment for not more than one year or both; provided however, that the provisions of this section shall not apply to an operator who at the time of operation of such motor vehicle has demonstrated and maintained proof of financial responsibility in accordance with the provisions of this chapter.

Comment:

This provision is, of course, in addition to those prescribing revocation or suspension of registrations and licenses, and impounding. A clause making the requirements of the statute applicable to nonresidents is not included, since most existing statutes adequately define applicability to nonresidents. For example, see the Uniform Vehicle Code, §§ 7-206, 213, 307 and 322.

C. *Definitions*

The term "proof of financial responsibility" shall mean proof of ability to respond in damages for liability arising out of the ownership, maintenance, or use of a motor vehicle.

Proof of financial responsibility may be demonstrated by any of the following methods:

(a) A certificate of insurance which meets the requirements of a "motor vehicle liability policy" as defined in sections_____;

(b) A bond as provided in sections_____;

(c) A deposit in cash or securities with the department in the amount of twenty-five thousand dollars ($25,000.00);

(d) Qualification as a self-insurer as provided in sections_____.

Comment:

Most existing statutes adequately define the requirements of a bond and deposit. *See also* the Uniform Motor Vehicle Code §§ 7-327 to 331.

II.

A. *Policy: Form*

No motor vehicle liability policy shall be issued or delivered in this state unless such policy meets the minimum requirements of the "motor

vehicle liability policy" as defined in sections_____ and is certified as proof in accordance with the provisions of this chapter.

1. *Required Provisions*

A motor vehicle liability policy shall he subject, with respect to accidents which occur in this state (optional clause—*and within limits of liability required by this chapter*), to the following provisions which need not be contained therein:
(examples)
(a) Liability of Insurer "absolute", etc.
(b) The insurance applies to any person who has obtained possession or control of the motor vehicle of the insured with his express or implied consent even though the use in the course of which liability to pay damages arises has been expressly or impliedly forbidden by the insured or is otherwise unauthorized. This provision, however, shall not apply to the use of a motor vehicle converted with the intent wrongfully to deprive the owner of his property therein.
(note: clause (b) is N.H. REV. STAT. ANN. § 268:16(iv) (1955).

Comment:

Most existing statutes adequately define a "motor vehicle liability policy" certified as proof. A provision setting forth required provisions is strongly recommended in an effort to prevent needless litigation concerning the extent of insurer liability, certain policy defenses, and restrictive endorsements relating to omnibus coverage and other matters.

There may be disagreement concerning the advisability of limiting insurer liability under the required provisions to the limits of the statute, particularly where the actual policy limits are in excess of the $10,000/$20,000 limit. Certainly the insurers would prefer, for example, that the provision making them absolutely liable, thereby precluding many of their policy defenses, be limited to the statutory amounts. However, jurisdictions such as Wisconsin have determined that the liability extends to the actual policy limits. Since there is a conflict of policy, this language is optional.

III.

A. *Notice of Cancellation or Termination of a Motor Vehicle Liability Policy*

When an insurance carrier has certified a motor vehicle liability policy in accordance with the provisions of this chapter, such a policy shall not be canceled or terminated until at least ten days after notice of such cancellation or termination shall be filed with the department; provided however,
(optional clause #1—*if another certified insurance policy has been procured prior to the expiration of ten days after notice of cancellation or*

termination has been filed, then such subsequently procured policy shall be considered as the primary insurance in effect and the cancelled or terminated policy shall be considered secondary insurance until expiration of such ten day period. In no event shall the liability of the primary and secondary insurance, whether joint or several, exceed the limits of the primary insurance.)

(optional clause #2—*if another insurance policy has been subsequently procured and certified, such other insurance policy shall, as of the effective date of its certification, terminate the insurance previously certified with respect to any motor vehicles or named insured designated in both policies.*)

Comment:

In the opinion of this writer, optional clause number two is preferable for the simple reason that it more accurately reflects the intent of the parties. In no event should the combined liability of insurers A and B exceed the limits of the primary policy, since this would result in a windfall to the injured party.

IV.

A. *Duty to report accident*

1. *Police to report*

Every law enforcement officer (*except those employed by municipalities having a population of 500,000 or more*) who investigates a motor vehicle accident resulting in injury or death of any person, or in which damage to the property of any one person exceeds $100.00, or who prepares a written report as a result of an investigation either at the time and scene of such accident or thereafter by interviewing participants or witnesses shall forward a written report of such accident to the department within ten days after investigation of the accident, or within such other time as is prescribed by the department.

Comment:

As stated in footnote 133, *supra,* the Illinois statute does not require reports from municipalities with populations in excess of 500,000. This exception was probably prompted by administrative considerations, but it seems ironic that reports are not required from cities which often have the largest number of accidents and a higher annual accident rate. It would appear that the argument of administrative feasibility is greatly mitigated by the increased availability and use of computers as well as an efficient system of short form reporting.

2. *Optional Clauses*

Hospitals and Physicians to report

(a) Any hospital or clinic, whether public or private, which renders

medical treatment to any person for injuries sustained as a result of a motor vehicle accident shall forward a written report of such treatment to the department on forms as provided or approved within ten days after such date as the injured person is initially admitted for treatment.

(b) The reporting requirements of this section shall apply to all physicians who render medical attention to any injured person at a location other than a hospital or clinic; provided however, that such report will not be required where such medical treatment is administered subsequent to the release of such injured person from a hospital or clinic; or, where such injured person is admitted to a hospital or clinic for treatment immediately after such medical attention is initially rendered.

(c) The reporting requirements of this section shall apply to ambulance attendants, other than physicians, who administer medical attention or first aid to an injured person, unless immediately thereafter such injured person is transported to a hospital or clinic, or to a physician for treatment.

Coroners to report

Every coroner in this state shall, on or before the tenth day of each month, forward a written report to the department of the death of any person as the result of a motor vehicle accident within his jurisdiction during the preceding calendar month. Such report shall set forth the time, date, and location of the accident and the circumstances relating thereto.

Automobile repair facilities and tow services to report

(a) Any automobile repair facility in the state (including service stations and automobile wrecking services) which repairs a motor vehicle damaged as the result of a motor vehicle accident and where the amount of such damage exceeds $100.00 shall forward a written report of this fact to the department on forms as provided or approved within ten days after the date such repairs are commenced.

(b) The reporting requirements of this section shall also apply to all tow services where the motor vehicle is damaged as the result of a motor vehicle accident. In addition, the tow service shall report the time, date, and location of the accident and the location where such damaged vehicle is delivered.

Comment:

No doubt the main argument which will be directed toward requiring hospitals, physicians, and coroners to report is that of administrative feasibility; however, they are already required to keep such records. Also, use of a short form reporting procedure would lessen the burden.

Reports from medical sources and automobile repair facilities would be desirable for two reasons: (1) they would provide a supplementary source of information with regard to accidents which are

reported and because (2) they would bring to light accidents which are at the present time never investigated by law enforcement officers.

V.

A. *Impounding and storage of vehicle*

Whenever the registration of any motor vehicle is suspended or revoked pursuant to the provisions of _____ (i.e., provisions regarding failure to demonstrate proof, inspection, failure to deposit security etc.,)
(optional clause #1—*the owner of the motor vehicle shall immediately cause the vehicle to be stored at the expense of the owner, in such private or public garage or storage place or places in this state as the owner may select*)
(optional clause #2—*the department shall order such vehicle impounded and placed in storage at the expense of the owner in such storage place as designated by the department*).

Such storage shall continue for such period of time as is provided in this chapter.

B. *Duration of storage*

The storage of such motor vehicle shall continue until the owner has complied with the provisions of _____ (i.e., provisions regardiug proof, inspection, security etc.)

Comment:

Of the two optional clauses under A, number two would appear to be preferable, since it gives the department more control. On the other hand, administrative considerations may favor acceptance of clause number one.

VI.

A. *Periodic inspection of all motor vehicles*

The department shall require that every motor vehicle registered in this state be inspected twice each year in accordance with the provisions of this chapter.

At the time each motor vehicle is inspected, the owner of such vehicle shall be required to demoustrate proof of financial responsibility in accordance with the provisions of (compulsory proof provisions).

B. *Enforcement*

The department shall suspend the registration of any motor vehicle for which a certificate of inspection has not been obtained as required by this chapter or which is not repaired within the period designated in section_____. In addition to suspension of registration, failure to comply with the provisions of this article shall result in impounding and storage of the motor vehicle in accordance with the provisions of sections_____.

VII.

A. *Uninsured motor vehicle coverage*

No policy of liability insurance covering liability arising out of the ownership, maintenance or use of any motor vehicle shall be issued or delivered in this state to the owner or operator of a motor vehicle unless such policy contains, or has added to it by endorsement, a provision with coverage limits at least equal to the financial responsibility requirements of this chapter insuring the insured named therein and to the same extent any other person using, or legally responsible for the use of said motor vehicles with the permission of the named insured, express or implied, for all sums within such limits which said insured person shall be legally entitled to recover as damages for bodily injury or wrongful death from the owner or operator of an uninsured motor vehicle.

B. *Definitions:*

(a) the term "insured" means the named insured and the spouse of the named insured and relatives of either while residents of the same household.

(b) the term "uninsured motor vehicle" means a motor vehicle with respect to the ownership, maintenance or use of which there is no bodily injury liability insurance or bond applicable at the time of the accident, or where the owner or operator of such uninsured vehicle fails to demonstrate proof of financial responsibility in accordance with the requirements of this chapter. In addition, the term "uninsured motor vehicle" shall include: a motor vehicle used without the permission of the owner thereof; stolen motor vehicles; unregistered motor vehicles; unlicensed operators; unidentified motor vehicles which leave the scene of the accident; uninsured motor vehicles registered in a state other than this state; insured motor vehicles where the insurer disclaims liability or denies coverage; and, an insured motor vehicle where the liability insurer thereof is unable to make payment with respect to the legal liability of its insured within the limits specified therein because of insolvency.

Comment:

The provisions set forth above comprise only the more basic required provisions, and it is recommended that a detailed statute, such as CALIF. INS. CODE § 11580.2 (West Supp. 1967), be consulted as to additional provisions.

There may be criticism concerning extension of coverage where the insurer of an alleged tortfeasor disclaims liability or denies coverage. It could be argued that such a provision may encourage some insurers to disclaim liability in hopes that the insurer of the injured party would therefore be required to make payment. The importance of this argument is greatly mitigated by the statutory provisions requiring all policies to be certified as proof and further subjecting all policies to certain provisions as a matter of law. These requirements

severely limit exclusions and traditional policy defenses, thereby making it far more difficult for an insurer to successfully disclaim liability or deny coverage. Also, in the event that an insurer can successfully disclaim liability on the ground of fraudulent procurement, for example, then it certainly does not seem unreasonable to consider the alleged tortfeasor as uninsured.

There is another reason why coverage should be extended in such a situation; namely, to avoid unnecessary circuity of action. It would not appear inaccurate to say that in the event the majority of motorists lost their liability coverage, they could be considered judgment-proof with respect to an amount equal to or in excess of $5,000. Thus, it would certainly appear, in many instances, to be an unnecessary and unjustified waste of time and expense to require the injured party to go through the formalities of securing an unsatisfied judgment only to turn to his insurer for payment. Also, should a jurisdiction adopt a MVAIC fund, the injured party would be compelled to submit his claim against the MVAIC, and, since it is funded by the insurance industry, it eventually pays anyway.

APPENDIX B

ALA. CODE tit. 36, § 74 (Supp. 1965); ALASKA STAT. §§ 28.20.010 to -.640 (1959); ARIZ. REV. STAT. ANN. §§ 28-1101 to -1225 (Supp. 1967); ARK. STAT. ANN. §§ 75-1401 to -1493 (Supp. 1967); CALIF. VEH. CODE §§ 16000-503 (Supp. 1967); COLO. REV. STAT. ANN. §§ 13-7-1 to -7-39 (1963); CONN. GEN. STAT. REV. §§ 14-108 to -142 (1965); DEL. CODE ANN. tit. 21 §§ 2901-72 (Supp. 1966); D.C. CODE ANN. §§ 40-417 to -498 (1960); FLA. STAT. ANN. §§ 324.001-271 (Supp. 1966); GA. CODE ANN. § 92A-601 to -621 (Supp. 1967); HAWAII REV. LAWS §§ 160-80 to -126 (1965); IDAHO CODE ANN. §§ 49-1501 to -1539 (Supp. 1965); ILL. REV. STAT. ch. 95½ § 7 (Supp. 1967); IND. ANN. STAT. §§ 47-1047 to -1084 (1957); IOWA CODE ANN. ch. 321A (1965); KAN. GEN. STAT. ANN. §§ 8-722-769 (Supp. 1967); KY. REV. STAT. §§ 187-290-.990 (Supp. 1967); LA. REV. STAT. §§ 32:851-:1043 (Supp. 1967); ME. REV. STAT. ANN. ch. 29 §§ 781-87 (1961); MD. ANN. CODE art. 66½, §§ 116-49 (Supp. 1967); MASS. ANN. LAWS ch. 90, § 3G (1945); MICH. STAT. ANN. §§ 9.2201-.2232 (Supp. 1968); MINN. STAT. ANN. §§ 170.01-.58 (Supp. 1967); MISS. CODE ANN. § 8285 (Supp. 1966); MO. ANN. STAT. §§ 303.010-.370 (Supp. 1967); MONT. REV. CODES ANN. §§ 53-418 to -458 (Sup. 1967); NEB. REV. STAT. §§ 60-501 to -569 (1959); NEV. REV. STAT. §§ 485.010-.420 (1961); N.H. REV. STAT. ANN. § 268 (Supp. 1967); N.J. STAT. ANN. § 39:6 (Supp. 1967); N.M. STAT. ANN. §§ 64-24-1 to-24-104 (Supp. 1967); N.Y. VEHICLE & TRAFFIC LAW §§ 330-368 (Supp. 1967); N.C. GEN. STAT. § 20-279 (Supp. 1967); N.D. CENT. CODE § 39-16 (Supp. 1967); OHIO REV. CODE ANN. § 4509 (Baldwin 1960); OKLA. STAT. ANN. tit. 47, § 7 (Supp. 1967); ORE. REV. STAT. §§ 486.010-.991 (1955); PA. STAT. ANN. tit. 75, §§ 1401-36 (Supp. 1967); R.I. GEN. LAWS ANN. §§ 31-31-1 to -22 (Supp. 1967); S.C. CODE ANN. §§ 46-701 to -750 (Supp. 1967); S.D. CODE § 44.03A (Supp. 1960); TENN. CODE ANN. §§ 59-1201 to -1240 (Supp. 1967); TEX. REV. CIV. STAT. art. 6701h (Supp. 1967); UTAH CODE ANN. §§ 41-12-1 to -12-41

(Supp. 1967); VT. STAT. ANN. tit. 23, §§ 801-09 (1965); VA. CODE ANN. §§ 46.1-388 to -514 (1958); WASH. REV. CODE ANN. §§ 46.29.010 to -920 (Supp. 1967); W. VA. CODE ANN. § 17D (1963); WIS. STAT. ANN. §§ 344.01-.52 (Supp. 1967); WYO. STAT. ANN. §§ 31-277 to -315 (1957).