

Attachment I. Farm Bureau Insurance's Position Letter



Auto • Home • Life

June 5, 2014

**Tennessee Farmers
Insurance Companies**
Corporate Headquarters
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Senator Steve Southerland
301 6th Avenue North
Suite 10 Legislative Plaza
Nashville, TN 37243

Dear Senator Southerland,

We appreciate the Senate Commerce Committee studying the problem of motorists driving in violation of Tennessee's Financial Responsibility Law.

Tennessee has a favorable insurance market that is worth protecting. The General Assembly has diligently created an insurance environment that is efficient, does not burden companies with excessive regulations, and encourages competition and innovation in the market. The result is two-fold: 1) Tennessee auto insurance rates are some of the lowest in the country, and 2) availability of insurance is such that virtually every driver can find an insurance product to match their needs.

Almost every state has some type of auto insurance verification program similar to the proposed legislation (SB 2517). Notably, 20 of those states still require drivers to carry uninsured motorist (UM) coverage. Twenty-eight other states, Tennessee included, require companies to offer UM coverage and consumers must "opt out" by written documentation. We stress to our members that the only way to truly protect themselves is to carry UM coverage—regardless of how many uninsured drivers are on the road. (For example, even if every Tennessee driver had insurance the number of out-of-state drivers would still necessitate purchase of UM coverage.)

As your committee thoughtfully evaluates how to best approach the uninsured motorist problem, there are several questions that should be addressed in order to craft the best system for Tennessee.

1. What will be the effect of changing Tennessee law to reflect mandatory insurance based on vehicle registration as opposed to vehicle operation on a public road?
2. How will this be accomplished in statute?
3. How will enforcement be strengthened as a result of a new verification program?
4. What is the cost of the proposed verification system, both to the state and to the companies?
5. How can a program be cost-neutral to companies, and thus cost-neutral to policyholders?
6. What states have shown a decrease in uninsured drivers due to a verification program?
7. What states have seen a decrease in the cost of insurance as a result of a verification program?

We agree that uninsured motorists are a problem in Tennessee. Our priority is protecting our Farm Bureau members. Responsible drivers – those carrying insurance – should not bear the enforcement cost of uninsured drivers. We hope this study committee will seek thoughtful, innovative methods to address the uninsured motorist problem while also protecting those responsible consumers who carry insurance. We look forward to working with both the committee and Senator Ketron to find the best solution for Tennessee.

Sincerely,

A blue ink signature of Matthew M. (Sonny) Scoggins, Chief Executive Officer of Farm Bureau Insurance.

Matthew M. (Sonny) Scoggins
Chief Executive Officer

c: Sen. Jack Johnson; Sen. Bill Ketron