



WISCONSIN LEGISLATURE

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Testimony in Support of Senate Bill 489

Senator Jerry Petrowski and Representative Mary Felzkowski

Senate Committee on Insurance, Housing, and Trade

December 13, 2017

Good afternoon members, and thank you for the opportunity to testify in favor of Senate Bill 489.

Under both state statute and administrative code, Wisconsin currently requires that passenger carriers maintain minimum insurance coverage and file proof of that insurance with the Department of Transportation (DOT) as a prerequisite for vehicle registration. The minimum requirements are generally those specified under federal law (currently between \$300,000 and \$5,000,000) with some exceptions.

In 2016, DOT was made aware that the lower insurance minimums dictated by the administrative code were not consistent with the requirements in statute. **To be clear, while the minimums dictated by that administrative code were in place for some time, they were not enforced and most motor carriers were not aware of them. The lower minimum requirements in statute were those recognized by the department and the industry for decades.** After realizing the discrepancy between the code and statute, the department announced a change to raise the minimum requirements in May 2016.

The prior minimum requirements were:

| PASSENGER CAPACITY | ONE PASSENGER | ALL PASSENGERS | PROPERTY DAMAGE |
|--------------------|---------------|----------------|-----------------|
| 7 or less | \$100,000 | \$300,000 | \$50,000 |
| 8 to 12 | \$100,000 | \$350,000 | \$50,000 |
| 13 to 20 | \$100,000 | \$400,000 | \$50,000 |
| 21 to 30 | \$100,000 | \$450,000 | \$50,000 |
| 31 and over | \$100,000 | \$500,000 | \$50,000 |

The new current minimum requirements are:

| SEATING CAPACITY | |
|--|-----------------------------------|
| 15 or less, including driver | \$1,500,000 combined single limit |
| 16 or more, including driver | \$5,000,000 combined single limit |
| Regardless of seating, vehicles weighing 10,000 lbs. or less | \$300,000 |

We believe that these new minimum insurance requirements place a substantially greater burden on passenger carrier businesses operating in this state. Unfortunately, related laws in other states

are not consistent, with minimum requirements ranging from \$60,000 to \$5,000,000 depending on the location and seating capacity of the vehicle.

Due to the increase in limits, the cost of insurance has increased dramatically for those in possession of these vehicles. Many businesses such as bars, restaurants, churches, and limousine companies have been adversely affected by this inadvertent law change. In Northern Wisconsin, like in the 35th district, there is no access to companies like Lyft or Uber. Because of this, motor carriers affected by this law are often the best choice for safe travel to and from parties, weddings, and other events. The newly enforced liability requirements have made insurance unaffordable and have forced some businesses to significantly increase their prices, no longer offer transportation services, or to close completely. These outcomes will severely affect availability in the North.

To remedy this situation, while ensuring a sufficient amount of coverage, we have worked with stakeholders to find a suitable middle ground with the following minimum requirements for intrastate travel:

| SEATING CAPACITY | |
|------------------------------|-----------------------------------|
| 15 or less, including driver | \$500,000 combined single limit |
| 16 or more, including driver | \$1,000,000 combined single limit |

It was never the intent of the original legislation to increase the minimum insurance limits on these types of companies. This proposed change reflects a compromise between the previous limits and the current limits in place to make insurance more affordable.

Thank you again for allowing us the opportunity to testify in support of this bill, and we would welcome any questions.

WISCONSIN MOTORCOACH ASSOCIATION
TESTIMONY ON SENATE BILL 489
DAN JOHNSON – DIVISION ADMINISTRATOR
December 7, 2017

On behalf of the Wisconsin Motorcoach Association, I am here to share its opposition and concerns of Senate Bill 489 with the Committee.

The Wisconsin Motorcoach Association is the trade association for private over-the-road bus and motorcoach operators who are domiciled in or have significant operations in Wisconsin.

The Association was established in 1987 and its members consist of many of the major coach, bus and other transportation services provided to the public throughout Wisconsin and the Midwest, as well as smaller sized operators in the state. The Association is also affiliated with the Wisconsin Motor Carriers Association.

In 1982, Wisconsin adopted the federal minimum insurance requirements for intrastate carriers of \$1,500,000 for vehicles transporting up to 15 passengers and \$5,000,000 for vehicles transporting 16 passengers or more. Those amounts are nearly identical - if not identical - to the amounts in our neighboring states, such as Minnesota, Iowa, Indiana, Michigan, and Ohio.

SB 489 seeks to decrease those amounts for intrastate only vehicles to \$500,000 and \$1,000,000, respectively.

It does not affect the interstate minimum standards, which means under this bill, a large group of people (16 or more) who are carried from, for example, Merrill, Wisconsin to Green Bay to see a Packers/Vikings game would have **FIVE TIMES** less financial protection than the same group of people carried from Merrill to Minneapolis to see a Vikings/Packer game. A group 15 or less would have **THREE TIMES** less financial protection under the same scenario.

The Wisconsin Motorcoach Association opposes the significant decrease in the minimum insurance requirements, as it simply does not provide the adequate financial protections for a group of individuals in need of transportation services.

In addition, the current minimum coverage requirement maintains an appropriate standard of accountability for anyone entering the industry. Many of our members operate both large and small vehicles under the present limits while continuing to provide the safest transportation environment possible for the public.

The Wisconsin Motorcoach Association believes the current rates establish a higher standard of responsibility for operators and provide a sense of security to their passengers who place their trust in them to carry them safely from point A to point B.

Our members take very seriously their responsibility to transport both small and large groups of people to their destination. They believe the current federal minimum insurance coverage standard is necessary to ensure accountability should an unfortunate incident occur.

Moreover, there is no certainty that significantly lowering the insurance minimum standards alone will have a major impact on premiums, but it is certain to fall well short of the financial needs of any passenger who may be seriously injured, or worse.

Thank you for your time and I'm happy to answer any questions you may have.