

Accident Response Fees (May 2011)

- According to NAMIC's unofficial tally, municipalities in no less than 27 states currently charge for accident response fees or are considering ordinances to allow for such fees; however, the number of states may be larger than this. Anecdotal information suggest municipalities in the following states may be considering such ordinances: Alabama, California, Connecticut, Florida, Illinois, Georgia, Iowa, Kansas, Kentucky, Louisiana, Massachusetts, Maine, Maryland, Michigan, Minnesota, Montana, New Hampshire, New Jersey, New York, North Carolina, North Dakota, Ohio, Oklahoma, Rhode Island, South Carolina, Texas, West Virginia and Wisconsin.
- Currently, thirteen states prohibit the collection of accident response fees. In 2007, legislation banning accident response fees was signed into law in Missouri and Pennsylvania. In 2008, legislation to ban the practice was adopted in Indiana, Georgia and Tennessee. In 2009, legislation was adopted in Arkansas, Florida and Oklahoma and the Louisiana legislature adopted a resolution banning these fees. In 2010, Alabama adopted similar legislation. Thus far in 2011, Utah, Arizona, and Kansas have adopted prohibitive legislation.
- NAMIC believes such fees are a form of double taxation applied only to those responsible drivers carrying auto insurance. No municipalities have payment provisions for drivers who do not have insurance to pay for this service. Is it fair to penalize drivers who follow state law and carry insurance?
- In the past several years, at least 35 municipalities have rescinded or voted down accident response fee ordinances. The nation's largest municipality can be added to the list of cities and towns that have adopted or considered an accident response fee program only to abandon plans in the face of complaints and criticism. In April, New York Mayor Michael Bloomberg dropped an accident response fee ordinance from consideration following an outcry of opposition from citizens, city council members, NAMIC, and others.
- Most municipalities only collect 10-15 percent of what they bill and the fees are very unpopular with residence.
- Responding to and investigating auto accidents are functions of police departments supported by local taxes. Some municipalities have argued that insurers should pay these fees because accident reports are prepared solely for the benefit of insurers, however, personal injury lawyers and hospitals also rely on these reports. Why aren't they being charged these fees?
- Municipalities charge anywhere between \$100 and in some cases over \$1000 per "run," however bills sent to insurers lack specific information. Municipal fire

departments in some states have been billing insurance companies for ambulance services for several years because typical auto insurance policies cover medical expenses, including ambulance transportation, but do not cover expenses related to accident response. Therefore, auto insurers are questioning the logic of paying fees for services not covered or charged for in auto insurance policies.

- In recent years, municipalities have been considering and adopting ordinances that only charge “out of town” drivers. For towns and cities interested in attracting tourists and other visitors, such ordinances say: “you’re not welcome.” Furthermore, if this trend continues, we could begin seeing municipalities retaliating against municipalities that adopt this type of fee.
- A recent Harris Interactive Poll about accident response fees confirms that a vast majority of Americans think the taxes they already pay should cover the costs associated with public safety services provided by police and fire departments responding to a motor vehicle accident. The poll found that 76 percent of adults believe additional accident response fees charged by local governments are not necessary. Furthermore, the poll also found that about two-thirds of the public are opposed to accident response fees, if the fees would increase the cost of automobile insurance.