

# Forum

A monthly publication reporting on issues affecting the insurance industry in Ohio

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A recent Ohio Department of Public Safety report estimates that Ohio's Graduated Driver License Law has saved 30 lives since it was enacted in 1997.

"The law was designed to improve the skills of novice drivers by requiring additional training and experience," said Lt. Governor Maureen O'Connor, director of the Ohio Department of Public Safety. "According to this initial report, fewer 16- and 17-year-olds licensed under the new Graduated Driver License Law were involved in fatal crashes, and fewer were involved in crashes involving alcohol use."

In addition to reducing the overall death rate, the driver license suspension rate of young drivers increased by 261 percent. □

The Top Ten Verdicts of 2000 totaled \$2.6 billion, according to *Lawyers Weekly USA*. While the total for this year's Top Ten is only a third of last year's \$8.9 billion total, the median verdicts were fairly close—\$268 million this year compared to \$295 million for last year. The huge difference in the total awards was caused by two off-the-scale verdicts in 1999—one for \$4.9 billion and the other for \$1.2 billion.

There has been a clear upward progression of the nation's largest awards over the last several years with the increase leveling or beginning to taper off a bit this year. Comparing the median Top Ten awards for the last four years illustrates this trend.

- \$53 million in 1997
- \$134.5 million in 1998 (up 253 percent)
- \$295.5 million in 1999 (up another 219 percent)
- \$268.6 million in 2000 (down 9 percent)

The largest verdict of the year, \$474.7 million, was won by former model and 1993 Playmate of the Year, Anna Nicole Smith, who accused the family of her late husband, Texas oil tycoon J. Howard Marshall, of trying to cut her out of his will. Marshall was 89 and Smith 26 when they married in 1994. He died a year later.

The second largest award was a \$341.7 million verdict against the Islamic Republic of Iran. Former Associated Press reporter Terry Anderson, held hostage in Lebanon for seven years by Iranian-sponsored militants, won that award. American law allows Anderson to collect a portion of the judgment from Iranian assets seized and held by the United States.

The annual Top Ten Verdicts list includes only awards to individuals or families. It does not include class actions or litigation between corporations. □

## Graduated Licensing

Report outlines success of driver license program

## Jury Verdicts

Top Ten of 2000

## Auto Insurance

Loyalty takes back seat to price

Although more than 75 percent of consumers are generally content with their automobile insurance providers, many also report they would switch to another provider for a better price, according to the National Auto Insurance Customer Satisfaction study by J.D. Power & Associates.

About 20 percent of customers indicated they would switch insurers if it meant a \$100 reduction in their premium. More than 50 percent said they would leave their provider if it would result in a savings of \$200 or more.

The study was based on responses from more than 13,000 auto policyholders in the United States. □

## Vehicle Recalls

2000 a record-setting year

A record 21 million vehicles were the subject of safety-related recalls last year. The *New York Times* reports that actually may be a positive development, since each recall indicates an attempt to fix some sort of safety defect.

The number of recalls has risen steadily since 1982, according to the National Highway Traffic Safety Administration (NHTSA). The 21 million vehicles recalled last year were part of 445 recall campaigns. That compared with 371 recalls of 19.9 million vehicles in 1999, 325 recalls of 17.2 million vehicles in 1998 and 246 recalls of 14.6 million vehicles in 1997.

Jonathon D. White, head of the recall and analysis division of NHTSA, said that an increase in recalls was a natural outgrowth of higher sales. Brian O'Neill, president of the Insurance Institute for Highway Safety, indicated another factor could be that with the increased demand for cars, manufacturers may not have performed adequate inspections of the cars before shipping them to dealers.

While the number of recalls is large, relatively few accidents, injuries or deaths are officially linked to those problems. Of the 10 largest recalls in 2000, 34 accidents, 19 injuries and no deaths were reported, according to NHTSA.

O'Neill said, "It is rare for a defect to threaten people's safety on a daily basis." That is why the much-publicized accidents involving Firestone tires on Ford Explorers were unusual, he said. In that case, Firestone recalled 6.5 million tires still on the road. Although Ford cooperated with the inquiry, the Explorers were not recalled, and thus were not counted among the years' 10 biggest vehicle recalls. □



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