

General background on accident response fees

Revised 2/16

The [Ohio Insurance Institute](#) (OII) is a trade association that represents most insurance companies providing auto insurance to Ohio drivers.

OII has been following accident response fee activity around the state and country for nearly 15 years.

The following is provided as a background. OII has a variety of resources available upon request to support all aspects of the following statement. We welcome inquiries from city officials, consumers and news media.

General statement

OII realizes the difficult budgetary constraints facing many local governments and the need to cut costs and generate revenue. When looking for ways to remedy budget shortfalls, OII proactively advises local city governments that accident response fees are not a reliable revenue generator. In fact, such an ordinance could lead to more of a negative outcome than anticipated.

Most non-medical accident fees, whether they're for police or fire department services at a crash scene, are not covered under most auto insurance policies. What this means is that bills related to such services will likely be returned for nonpayment by the insurance company. When there is no coverage, typically insurance companies deny payment. When this occurs, a third party billing company who is contracted by the local municipality (such as Fire Recovery USA) may seek payment from the accident victims, depending on the provisions of the local ordinance.

To provide city officials with a realistic picture of potential fee generation, OII queried Ohio auto insurance companies regarding coverage and payment for fire and police department accident response fees. Our study found that at least 85% of insurance companies providing auto insurance throughout the Buckeye State do not cover non-medical accident fees. The study is online at: <http://bit.ly/1w3baD2>.

Upon request, OII can provide several news articles from around the state and country that document that cities typically generate 10-15% of what is actually billed out. Most revenue recovered by collection companies comes from billing accident victims who may have already suffered financial or physical hardships as a result of accident involvement.

It's important to note that insurance companies don't deny legitimate auto accident claims and cover policyholders when liable or negligent. There's good reason for not paying accident response fees, which are strictly voluntary. Most insurers don't pay them because auto insurance policies don't provide the coverage. Paying for any uncovered loss is not in any policyholder's best interest.

In some communities, accident response fees are actually discriminatory. In some fee-imposed communities, those driving illegally or uninsured and involved in an at-fault crash don't get billed. This seems to be the case, based on Nelsonville's ordinance proposal as described in the February 24, 2016 *Athens Messenger* article: <http://bit.ly/1QcPRrl>. OII questions the equity in billing the insurance companies of law-abiding citizens then letting those without insurance get away scot-free. The only "fair" way to implement accident fees is to bill every driver directly, regardless of insurance status.

Local chambers of commerce may find such fees indirectly undermine efforts to attract new business and tourists to the area. City officials may want to rethink the message accident fees send: "Welcome to Nelsonville — Let's hope you don't cause a crash."

Insurance companies across Ohio recognize the services provided by law enforcement and fire departments. Their services are crucial to everyone's safety, whether they have insurance or not. At the scene of a crash, the main responsibility for police and fire is public safety, not to generate crash tax reports.

Historically some accident fee billing companies have ill-advised local officials that police and fire department assistance at crashes is primarily for the benefit of insurance companies. This is totally misguided. By Ohio law ([ORC 5502.11](#)), local law enforcement is required to file a motor vehicle accident report for any accident causing over \$1,000 in damage. These police reports are not only a usual and customary service, but required by law.

Crash reports have multiple uses. State and local law enforcement use them for statistical reporting requirements. Hospital medical teams study them when tending to injured accident victims. Personal injury attorneys and chiropractors mine crash reports for client leads too.

From an insurance company standpoint, police reports help determine liability. But insurers also investigate each claim independent of a police crash report.

Whether a police officer is responding to a domestic disturbance, business break-in or handling paperwork at the precinct, local taxpayers have already paid their salaries. Asking at-fault drivers to pay extra for responding to a fender bender is double billing, no matter how it's disguised. (Similar examples can be provided for fire department services upon request.)

At least 14 states either ban or limit the practice of accident fee billing. Ohio's strong home rule laws don't provide this solution, but local voters should have a voice when it comes to imposing accident fees that could undermine local business and tourist attractions.

OII's focus remains on educating local officials and residents on these fees. When given the facts residents and officials understand that accident fee revenue expectations are unrealistic, don't solve budget deficits, and imposing them can be detrimental to local development.

For more information, we encourage you to visit OII's informational site on accident fees: <http://www.accidentresponsefees.com>.

For more facts on fees:

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