

David A. Byerly Insurance, Inc.

INSURANCE BROKERS

810 Cumberland Street
Post Office Box 10
Lebanon, Pennsylvania 17042-0010

E. MICHAEL MEASE, *Broker*
LYNN P. SCHOENER, *Agent*

October 28, 1999

TEL. (717) 272-2081
FAX (717) 272-5860

Peter J. Zug, Member
102nd Legislative District
House of Representatives
112 West Main Avenue
Myerstown, PA 17067

Dear Pete:

Thanks for getting back to me regarding my suggestion to increase the current \$5,000 state minimum for property damage liability to at least \$10,000. And, thanks for agreeing to present the idea to our legislative body for their consideration.

After reading your letter, more thoughts came along that should be helpful in responding to those who could oppose the mandating of increased minimums. This would not affect insureds who have a Combined Single Limit, whereby the Bodily Injury and Property Damage Liability limits are inclusive (our current CSL is at \$35,000 minimum), leave that alone as a selling point. If there is no Bodily Injury involved, the policy could respond up to \$35,000 for Property Damage alone. Most carriers no longer offer a CSL as new business, however, I would estimate 20% to 30% of our insured population still have this type of protection. The Insurance Department may be helpful here with regard to that statistic.

From what I have observed in the last year or two, the system of policing insured drivers is working as well as may be expected. I've heard hundreds of excuses why people allow their policies to lapse, some believable, most not. The minimum additional premium expense involved to do the 5 to 10 bump should not be a factor.

For the "clean risk" policyholder in Lebanon, Lancaster, Berks, and Dauphin Counties, the additional annual cost per car would be about \$4, Philadelphia \$6, Suburbs \$6, Pittsburgh \$5, Suburbs \$4. These premium indications do not reflect any surcharge factors for at-fault accidents, youthful operators, or driving usage. The Department may be helpful here also.

Since 98% of my customers are from Lebanon County, you can easily see my motive is not to generate commission income within my agency. Thank you for pursuing this idea, and please call me if any clarification of this is necessary.

Very truly yours,



E. Michael Mease

EMM:ams
cc: Lion Bob Phillips-State Farm
cc: Lion Tim McShane-Allstate

PETER J. ZUG, MEMBER

HARRISBURG OFFICE:
HOUSE POST OFFICE BOX 202020
MAIN CAPITOL BUILDING
HARRISBURG, PENNSYLVANIA 17120-2020
PHONE: (717) 787-2686
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MYERSTOWN OFFICE:
112 WEST MAIN AVENUE
MYERSTOWN, PA 17067
PHONE: (717) 866-9144

ELIZABETHVILLE OFFICE:
27 SOUTH MARKET STREET
ELIZABETHVILLE, PA 17023
PHONE: (717) 362-9051



House of Representatives
COMMONWEALTH OF PENNSYLVANIA
HARRISBURG

October 25, 1999

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DEVELOPMENT
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ON HOUSING
STATE GOVERNMENT
VETERANS AFFAIRS AND
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MAJORITY POLICY

CHESAPEAKE BAY COMMISSION

Mr. E. Michael Mease
David A. Byerly Insurance, Inc.
Insurance Brokers
810 Cumberland Street
P O Box 10
Lebanon, Pennsylvania 17042

Dear Mr. E. Michael Mease: 

I wish to thank you for contacting my office with your suggestions concerning the current \$5,000 state minimum for property damage liability insurance.

As you have indicated, the required minimum of \$5,000 is an amount that is quite often significantly less than the amount of damage incurred. For this reason, many insureds do, in fact, purchase a higher property damage limit to protect their assets in the event they are determined to be liable for damage which they have caused. But, if an insured does not have an agent such as you that takes the time to explain that this limit does not go very far with today's automobile values, I have concerns that an insured may not fully understand that even though he is satisfying the required financial responsibility for property damage with this \$5,000 limit, that insured may have to depend on his or her personal assets in order to reimburse the other operator if that insured is responsible for paying for property damages.

Whether, or not, to increase this limit is an issue which has received, and will most probably continue to receive, extensive review and discussion. As we discussed, those individuals in support of higher minimums stress the issue that the value of the damages incurred can be considerably more than the current minimum state mandated liability limits. On the other hand, those who oppose the mandating of increased minimums feel that to increase these mandated limits could very well have a reverse effect whereby the added premium expense for these increases would cause individuals to drop the insurance they now carry and choose to go without any financial responsibility.

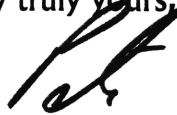
At this time, no definite conclusions have been reached concerning the issue of increasing the minimum required liability limit from \$5,000, to at least \$10,000 as you suggested. However, I know the legislature is committed to taking all practical steps toward obtaining realistic automobile insurance requirements which will be in the best interests of all vehicle owners. And, I will be considering the feasibility of introducing legislation to address this issue.



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Mr. E. Michael Mease
October 25, 1999

Again, I wish to thank you for taking the time to share your thoughts and ideas with me. It is always a pleasure to hear from you, especially on an issue for which you have knowledge, first-hand input. I appreciate your interest.

Very truly yours,



PETER J. ZUG, MEMBER
102nd Legislative District

PJZ

Mike,
I thank you for the thoughts. I will
get legislation drafted to increase
the minimum to \$10,000.



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July 27, 1999

Peter J. Zug
PA House of Representatives
102nd District
163A East Wing
House P. O. Box 202020
Harrisburg, PA 17102-2020

RE: Minimum Limits - Automobile Liability

Dear Pete:

When I became an Insurance Agent in 1972 the State minimum for Property Damage Liability was \$5,000. Today, 27 years later, we remain at \$5,000.

In my office, when people ask for the bare minimum, "Cheapest we got", we at least try to sell \$10,000 Property Damage limit. We explain to them if they are at fault in an accident, \$5,000 doesn't go very far with today's automobile values. Parts and Labor in the body shop have changed significantly since 1972 as well.

Introducing a Bill to increase the minimum limit to \$15,000 would seem realistic to me, however that may be too much to ask. How about at least \$10,000?

Please call me if I may offer more to this subject.

Very truly yours,



E. Michael Mease

EMM:1ps



YOUR INDEPENDENT AGENT SERVES **YOU** FIRST

PETER J. ZUG, MEMBER

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CHESAPEAKE BAY COMMISSION

TO: All Members of the House of Representatives
FROM: Representative Peter J. Zug 
DATE: January 14, 2000
SUBJECT: Proposed Legislation
Increasing the Property Damage Liability
Limit Under Financial Responsibility

Under Section 1702 of the Motor Vehicle Financial Responsibility Law (Title 75), the law provides for certain minimum coverage requirements. Currently, the minimum requirement for property damage liability, arising out of the maintenance or use of a motor vehicle, is in the amount of \$5,000.

I have concerns that this minimum is quite often significantly less than the vehicle damage. Additionally, if you incur damages to your vehicle as the result of the actions of another operator and \$5,000 is not enough to pay for your repairs, you will then need to proceed to attempt to recover damages either through the personal assets of that other operator and/or your own auto insurance policy. So, even when financial responsibility is being adhered to - the individual causing the damage may not have "sufficient" financial responsibility to pay for your vehicle.

Therefore, I am introducing legislation which would increase the minimum property damage limit to the amount of \$10,000. If you wish to join me in sponsoring this legislation, please contact Kim in my office at 7-2676 or via Groupwise.

