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HOUSE OF REPRESENTATIVES
COMMONWEALTH OF PENNSYLVANIA

For Immediate Release

June 5, 1981

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O'Donnell Opposes Insurance Industry Bill

State Representative Robert W. O'Donnell (D-Philadelphia) will oppose the bill which would revise Pennsylvania's no-fault insurance law by substantially reducing a victim's opportunity to sue when he has been in an automobile accident.

The bill, House Bill 1285, was recently voted out of committee and could be called for a vote before the entire House in the next two weeks. Under current no-fault law, a victim can sue when he has \$750 in medical or dental expenses. HB 1285, which is strongly supported by the insurance industry, would restrict a victim's right to sue by eliminating the \$750 threshold, and retain a "verbal threshold". The concept of verbal threshold means that a suit can be brought only if the accident resulted in death or "injury that is permanent within a reasonable degree of medical probability and which is serious".

"I'm strongly opposed to this bill because, in effect, it removes a person's right to recovery," O'Donnell said. "The figure of \$750 is concrete, it's definite and once it is reached, a person can go to court. By going to a vague verbal threshold, for all practical purposes, the bill eliminates a person's right to recover for injuries suffered."

"This limitation, and the lack of evidence that there will be any savings to the insurance industry which would result in a cost reduction, are the reasons I oppose the bill."

O'Donnell, in his role as chairman of the Democratic Caucus, recently conducted a seminar on the no-fault subject which was attended by 55 Democratic legislators. Representatives of the insurance industry and the legal profession discussed the topic and answered questions from the audience. O'Donnell said that the information provided by both groups was useful in helping him and other local legislators who attended to make a decision on the issue.

The seminar was attended by Representatives White, Cohen and Richardson from the northwest section of the city.

Legislative Report

State Representative

Robert W. O'Donnell



October 21, 1985

Last week, the State House and Senate approved separate bills in response to administrative problems plaguing the state's Catastrophic Loss "CAT" Fund. This action was the latest in a long history of legislative attempts to cope with the costs of car insurance.

In an effort to control escalating insurance rates, the legislature adopted a system of "no-fault" car insurance in the early 1970s. Over the last decade, insurance rates again doubled and the no-fault experiment was discarded as a failure. Much of the increases was attributed to huge insurance settlements in a very small number of accidents involving catastrophic injuries.

To contain these costs, the legislature eliminated a requirement that each policyholder have unlimited medical coverage and created the \$5.00/year CAT Fund. The insurance industry resisted including the fund on their individual policies, and PennDOT contracted out the billing and administration of the fund to a private company. The result was the CAT Fund sticker system which was simply a fiasco.

In the Senate, the legislative response to this disaster was to require PennDOT to collect the CAT Fund fee as part of the annual car registration renewal. The House voted to eliminate the fund altogether.

I think it would be premature to eliminate the CAT Fund before we have a chance to find out if it will stabilize insurance rates and it would be irresponsible to drop the fund without making any provisions for insurance coverage for catastrophic injuries. However, we ought to straighten out the administrative difficulties as quickly as possible by requiring PennDOT to collect the fees.

Legislative Report

State Representative

Robert W. O'Donnell



October 28, 1985

Pennsylvania's insurance companies have launched a lobbying campaign against the state Supreme Court's recent ruling that requires "unisex" car insurance rates. As part of that lobbying effort, my office has received numerous letters asking that I vote for 3 Senate Bills that would overturn this decision.

I believe the insurance companies have misrepresented the court action and legislation to repeal it.

Over the years, the insurance industry has used gender as a convenient way to charge higher rates instead of relying on other factors that more accurately predict the likelihood of future car accidents. Insurance rates should be based on an individual's driving record - the better the driver, the lower the rate - and not on factors such as race or sex which in no way predict whether a person is likely to make a future insurance claim.

Additionally, as leaders of the women's movement in Pennsylvania have pointed out, the same principles that would allow insurance companies to charge women less for auto insurance would result in women paying more for life and health insurance. Because the Senate Bills apply to all forms of insurance, they would institutionalize higher rates of insurance for women in these other types of insurance.

For all of these reasons, I will vote against these Senate Bills.

Legislative Report

State Representative

Robert W. O'Donnell



November 12, 1985

I am happy to report that the legislature has approved, and the Governor has signed, a bill that would make medical malpractice insurance available to Pennsylvania's nurse midwives and birth centers.

Senate Bill 1074, a version of a bill I co-sponsored and strongly supported in the House, was necessary to counteract the refusal by Pennsylvania insurance companies to write insurance for midwives.

I find this insurance blacklisting of midwives outrageous. Only six percent of all midwives have ever been sued for malpractice, compared to sixty percent of all obstetricians, and the figures are even lower in Pennsylvania. One would think that insurance companies, which have a vested interest in keeping medical care costs down, would be supportive of these inexpensive high quality birth services.

Our hope is that the insurance industry now will be responsible enough to make available reasonably priced malpractice insurance so that additional legislative action will not be necessary.