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The California Compulsory Financial Responsibility Laws Are from the Disco Era!#

The California Financial Responsibility Laws which were enacted to protect all California motorists are as outdated as bell bottoms, platform shoes and Saturday Night Fever. It should not make sense to anyone that California's minimum policy limits are the lowest in the nation. The cost of living in California is among the highest in the nation and we spend more time in our vehicles than any other state. We should have higher minimum limits.

At $15,000 per claim, $30,000 per accident and $5,000 property damage, California's minimums guarantee Financial "Irresponsibility" for those who purchase the state required minimum limits. In a high percentage of accidents, the minimum limits are easily exceeded—particularly in multi-vehicle crashes. Those without adequate "first-party" insurance, like collision and Uninsured Motorist coverage, are left either uncompensated or inadequately compensated for their damages---exactly what the Financial Responsibility Laws were designed to avoid.

Some history is necessary. The compulsory Minimum Limits were established in 1974. At that time, medical costs were at a fraction of what they are today. Moreover, most Californians had jobs that provided medical insurance as a standard benefit. Today, it is almost rare to find a company that provides medical insurance as a "standard" benefit. The idea that one could recover as high as $15,000 in a single accident was almost unthinkable.

As for property damage, in 1974, the average cost of a new car was around $3,200. The state minimum of $5,000 was more than adequate in most cases. Today, a new car cannot be purchased for $5,000. One would be hard pressed to find a middle-level new car that sells for less than $20,000. Back then, the theory was that everyone on the road would have at least the minimum limits---or they could not drive. Law enforcement and the Department of Motor Vehicles made certain that the privilege of driving was granted only to those "financially responsible."

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Unfortunately, times have changed. The California legislature will not try to keep up with inflation---like they do with their own salaries---on the minimum limits. There are many reasons for the lack of resolve in this area. Most significantly, higher limits cost more to the motoring public. With a bad economy, nobody is going to push for higher insurance rates. Further, with the state's uninsured population exploding, higher rates would push that population further.

With California's inadequate minimum limits, the lack of resolve to actually enforce the existing laws, millions of uninsured and unlicensed drivers, the only meaningful response is for Californians to adequately insure themselves. This creates a "de facto" shift of the original intent of the Financial Responsibility Laws from only allowing financially responsible drivers on the road, to personal insurance protection---similar to PIP or "no fault" insurance.

Los Angeles Uninsured Motorist Attorney, Barry P. Goldberg, argues that we are in almost the financial equivalent of pre-1974 California which led to the enactment of the Financial Responsibility Laws in the first place. There are currently millions of uninsured motorists on the road and the state mandated minimums are too low to protect most California Drivers. Studies have shown that about 1 in 5 accidents involve an uninsured motorist, that as high as 1 in 2 accidents are "underinsured," and that uninsured drivers are 3 times more likely to cause serious injuries and fatalities.

For more information about blog author and attorney Barry P. Goldberg's uninsured and underinsured motorist expertise, please visit his web page, Los Angeles Uninsured Motorist Attorney http://www.barrypgoldberg.com/Practice-Areas/Los-Angeles-Uninsured-Motorist-Attorney.aspx, or call him right now for a free consultation on your case (818) 222-6994.

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