

PREFACE

The RAND Institute for Civil Justice has been conducting research on auto insurance issues since its inception in 1979. A large proportion of these studies have focused on the effects of a no-fault or choice system on the costs of compensating individuals for injuries sustained in automobile accidents.

This report looks at the policy question of no-fault automobile insurance from a different angle: It investigates the possibility that no-fault auto insurance lowers the incentive to drive carefully and so increases accident rates along with the cost of insurance. This report will be of interest to consumer advocates, the insurance industry, policymakers, and others concerned with auto insurance policy.

Contrary to some earlier research, this report finds no evidence that U.S. states' adoption of no-fault auto insurance between 1971 and 1976 increased their fatal accident rates. The report also finds no correlation between the presence of no-fault auto insurance and a state's overall accident rate or rate of driver negligence. The author concludes that while reasons may exist to oppose the concept of no-fault auto insurance, its effect on driver behavior and accidents should not be among them.

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