

May 21, 1975

about the insurance company. You don't sue an insurance company. What you do is you sue the person, then the person takes that little slip of paper that comes around with the sheriff and by the terms of that policy he must give that to an his insurance agent or his company before the time of answer for that suit is concerned. I want Senator Luedtke to verify this for me. That insured must deliver this so that they will have a chance to answer that suit, the insurance company, without default. If they default, because that insured has not given it, then their policy does not become a liability anymore. Then he stands by himself. You've got several bad reactions here. That person must give that in. Of course, the insurance companies are pretty liberal about this. Sometimes the courts are too because the courts, if I'm correct Senator Luedtke, will make exceptions to cases on date of answer. Is that correct? ... if there's a case of negligence on the part of someone without due knowledge. Let me tell you this, no one sues an insurance company for an automobile claim, they sue the person. Then part of your policy says that the company will defend you. This is the main part of your policy in most instances because the company then pays for your legal fees. They defend you. You don't get to pick your own attorney then. The insurance company is going to pick that attorney because they're going to be darn sure that they have an equal chance to win this case. You're going to find this true, with most all of your good insurance companies, the following statement that I have to make. If you have a real good insurance company and a real good agent you'll generally find that that insurance company will be very fair. If they have any liability there at all they'll try and settle it without going to court. A lot of times, and I shouldn't say this but I'm saying it, there a great many times that they pay claims that they're not really liable for because they cost less that way than going to court. Let's do this when you're arguing this bill. Let's leave the insurance companies out of it because their policy says that they will pay on behalf of the insured that which he shall become legally liable to pay to the extent of the amount writtin in the policy. Let's go on the basis of the individuals and not worry about the insurance companies because if this was an insurance company bill it should have come to the Insurance Committee. Apparently it wasn't, it has to do with the individual so it went to the Public Works or Judiciary, or someplace else. Just let me tell you this, the insurance company will take care of their obligations according to the policy that's written.

PRESIDENT: Senator Luedtke.

SENATOR LUEDTKE: Mr. President, members of the Legislature. First of all I'll confirm what Senator Duis said. He gave a very good description of what the liability coverage is all about in your average automobile insurance policy. He also stated what the courts would do. I want to underline what he particularly said, that is that the insurance company will defend you only if you are legally liable. This is the whole point of Senator Cavanaugh ...