

The Star-Ledger/**Eagleton-Rutgers Poll**

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RELEASE INFORMATION

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NEW JERSEYANS EVALUATE AUTO INSURANCE REFORMS

Although New Jerseyans are not satisfied with the cost and coverage of their automobile insurance, about half would rather keep the auto insurance that they have now rather than change to one of the four new options that have been proposed by Governor Whitman to reform the state's auto insurance system.

Among the four possible new auto insurance choices that drivers might be offered, the most popular option – favored by about 6-in-10 – is the one referred to as the Serious Injury proposal which is very similar to the current verbal threshold choice. This proposal reduces the insurance bill by agreeing to limit lawsuits to cases of serious injury or death. The Scheduled Benefit choice which provides scheduled or pre-determined pain and suffering benefits for a reduction in auto insurance is considered a likely choice by close to half of the state's residents. The option to reduce the cost of insurance by giving up the right to sue for pain and suffering, referred to as the Economic Choice, is considered a likely

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possibility for coverage by about 4-in-10 residents. The least popular choice – favored by about 1-in-5 New Jerseyans – is paying more for auto insurance to have no limits on when you can sue for pain and suffering which is known as the Lawsuit Recovery option.

The *Star-Ledger/Eagleton* Poll was conducted by telephone between February 27 and March 6 with a random sample of 800 New Jersey adults. Among those who have auto insurance, the main reasons identified for the high cost of coverage are lawsuits and the density of people and vehicles in this geographic area. However, residents also give the state's elected officials poor ratings on their efforts to keep auto insurance rates down. About 7-in-10 New Jerseyans give Governor Whitman and state legislators negative ratings on their management of the auto insurance issue.

ASSESSMENT OF AUTOMOBILE INSURANCE

New Jersey residents are not satisfied with the cost and coverage of their auto insurance. Among those who have auto insurance coverage, 65 percent are not at all satisfied (45%) or not too satisfied (20%) compared to 34 percent who are very (12%) or somewhat (22%) satisfied.

In addition, residents are less satisfied than they were three years ago. While 58 percent have become less satisfied with their auto insurance coverage, 21 percent say there has not been any change and 16 percent are more satisfied.

New Jerseyans do not think the rates have to be as high as they are in order for insurance companies to stay in business. More than 9-in-10 say the rates could be a lot (57%) or somewhat (37%) lower. While the overall percentage of residents who say auto insurance rates can be lower has remained about the same at about 9-in-10, the percentage

who report it could be a lot lower has fluxuated. In 1989 during the Kean administration 73 percent thought the rates could be a lot lower. During Florio's term in office in 1991 there was a 26 percentage point decline to 47 percent in those who thought auto insurance rates could be a lot lower. The 57 percent in the current poll represents an increase of 10 percentage points over the past 6 years in those who feel the insurance companies could lower their rates a lot and still be able to stay in business.

AUTOMOBILE INSURANCE REFORMS

Even though New Jerseyans are not satisfied with their automobile insurance coverage, half of them would keep their current coverage rather than switch to any of the four options that have been proposed by the governor. If they were given a choice, 52 percent report they would prefer to keep their current auto insurance compared to 42 percent who say they would make a choice among one of the four options available in the suggested reforms. However, among New Jerseyans who are currently paying a surcharge on their auto insurance 59 percent would make a choice among one of the four options and 37 percent would keep their current insurance.

Among the four suggested reforms, the one that most New Jerseyans with auto insurance say that they will select is the Serious Injury choice which is similar to the current verbal threshold option that most drivers in the state already have. Overall, 60 percent say that they are very (27%) or somewhat (33%) likely to select this reform, which would reduce their car insurance bill by about 10 percent for agreeing to limit lawsuits from car accidents to

cases of serious injury or death. In comparison, 38 percent say they are not too likely (13%) or not at all likely (25%) to choose this reform.

If the Scheduled Benefit reform option is offered, about half of those who currently have auto insurance say they are likely to select this coverage. Forty-seven percent are very (17%) or somewhat (30%) likely to choose this option that is expected to save a little less than 10 percent on car insurance for agreeing to scheduled or pre-determined pain and suffering benefits compared to 48 percent who are not too likely (20%) or not at all likely (28%) to select this option.

About 4-in-10 would consider the Economic Choice proposal that lowers car insurance premiums by about 25 percent for agreeing to give up the right to sue for pain and suffering. Forty-two percent report that they are very (20%) or somewhat (22%) likely to select this option, compared to 54 percent who are not too (17%) or not at all likely (37%).

The Lawsuit Recovery reform would only be considered by about 1-in-5 New Jerseyans who have car insurance. The proposal to pay about 15 percent more on car insurance to have no limits on the ability to sue for pain and suffering is considered a very (9%) or somewhat (14%) likely choice of 23 percent, compared to 75 percent who are not too (17%) or not at all (58%) likely to select this possible option.

Overall, 57 percent of New Jerseyans with auto insurance have read or heard about these suggestions for auto insurance reform. Ten percent say they have read or heard a lot, 22 percent some, and 25 percent just a little. In comparison, 42 percent report they have not read or heard anything about these reform proposals.

REASONS FOR HIGH AUTO INSURANCE

Congestion and lawsuits are the two main reasons New Jerseyans with automobile insurance give as the cause of the state's drivers paying more than drivers in any other state. Overall, 21 percent name the density of cars and people (15%) and the congested roads (6%) as reasons for higher auto insurance rates. In addition, 18 percent say minor lawsuits (11%), the number of lawsuits (4%) and lawyers encouraging lawsuits (3%) are reasons for high rates. Eight percent of the state's insured residents say the cause of high rates is the profits made by the insurance companies.

EVALUATION OF ELECTED OFFICIALS

Governor Whitman and representatives of both parties in the state legislature receive negative evaluations on how they have handled the issue of auto insurance. Seventy-three percent give Governor Whitman negative ratings of only fair (36%) or poor (37%) compared to 22 percent who give positive ratings of excellent (3%) or good (19%).

The Governor's negative ratings are somewhat lower than those received by Governor Tom Kean in 1989, when 80 percent gave him only fair (38%) or poor (42%) ratings. However, they are higher than the 62 percent who gave Governor Florio only fair (31%) or poor (31%) ratings in 1991.

Evaluations of both the Democrats and the Republicans in the state legislature are similar to those received by Governor Whitman. Seventy-eight percent of New Jerseyans with auto insurance say the Democrats have done an only fair (37%) or poor (41%) job in trying to keep car insurance rates down compared to 8 percent who rate them as excellent (1%) or good (7%). Seventy-three percent give the Republican legislators negative ratings of only fair (37%) or poor (36%) compared to 14 percent who rate them excellent (1%) or good (13%).

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The latest *Star-Ledger/Eagleton* Poll was conducted between February 27 and March 6, 1997, when a random sample of 800 New Jerseyans, 18 years and older, was interviewed by telephone. Figures based on this sample size are subject to a sampling error of about ± 3.5 percent at a 95 percent confidence interval. Sampling error is the probable difference in results between interviewing everyone in the population versus a scientific sample taken from that population. The questions and figures referred to in this release are presented below. The location of each question on the actual questionnaire is in brackets. Results for the questions about auto insurance coverage are based on 716 New Jersey residents who have auto insurance coverage.

BACKGROUND MEMO — RELEASE SL/EP61-1 (EP111-1), SUNDAY, MARCH 9, 1997

“Are you covered by an auto insurance policy?” [Q.22a]

	<u>Yes</u>	<u>No</u>	<u>Don't Know</u>	<u>Total</u>	<u>(n)</u>
February/March, 1997	85%	14%	1%	100%	(800)
<i>Race</i>					
--White	93	7	--	100	(620)
--Non-white	55	41	4	100	(138)
<i>Age</i>					
--18 - 29	70	28	2	100	(143)
--30 - 49	90	10	1	101	(352)
--50 - 64	93	7	1	101	(166)
--65 and older	84	15	1	100	(129)
<i>Annual Household Income</i>					
--Under \$30,000	75	22	3	100	(160)
--\$30,000 to \$50,000	85	14	1	100	(152)
--\$50,001 to \$70,000	92	8	--	100	(135)
--Over \$70,000	94	6	--	100	(251)

“Are you currently paying any surcharges on your auto insurance policy because of an accident or ticket?” [Q.22b]

	<u>Yes</u>	<u>No</u>	<u>Don't Know</u>	<u>Total</u>	<u>(n)</u>
February/March, 1997	20%	79%	1%	100%	(716)
<i>Gender</i>					
--Male	21	79	--	100	(368)
--Female	20	79	1	100	(348)
<i>Race</i>					
--White	18	81	1	100	(588)
--Non-white	33	65	2	100	(91)
<i>Age</i>					
--18 - 29	35	64	1	100	(108)
--30 - 49	20	80	1	101	(328)
--50 - 64	17	82	1	100	(158)
--65 and older	11	89	--	100	(112)

Annual Household Income

--Under \$30,000	17	83	--	100	(126)
--\$30,000 to \$50,000	18	82	--	100	(134)
--\$50,001 to \$70,000	24	75	1	100	(127)
--Over \$70,000	24	75	1	100	(244)

Region Of State

--North	24	75	1	100	(336)
--Central	19	80	1	100	(186)
--South	15	85	--	100	(194)

Type of Residence

--Major Urban Center	34	65	1	100	(43)
--Urban Centers & Surrounding Areas	25	75	--	100	(114)
--Older Suburbs & Towns	18	82	--	100	(173)
--Newer Suburbs	19	80	1	100	(271)
--Rural	15	83	1	99	(115)

“Thinking about the cost and coverage of your auto insurance, overall are you very satisfied, somewhat satisfied, not too satisfied or not at all satisfied with your auto insurance?” [Q.23]

	<u>Very Satisfied</u>	<u>Somewhat Satisfied</u>	<u>Not Too Satisfied</u>	<u>Not At All Satisfied</u>	<u>Don't Know</u>	<u>Total</u>	<u>(n)</u>
February, 1997	12%	22%	20%	45%	1%	100%	(716)

Race

--White	12	25	19	43	1	100	(588)
--Non-white	10	13	18	58	1	100	(91)

Age

--18 - 29	10	28	12	49	1	100	(108)
--30 - 49	11	25	20	43	--	99	(328)
--50 - 64	8	11	23	55	4	101	(158)
--65 and older	19	24	23	33	1	100	(112)

Annual Household Income

--Under \$30,000	11	22	16	49	2	100	(126)
--\$30,000 to \$50,000	9	24	28	39	--	100	(134)
--\$50,001 to \$70,000	13	24	17	47	--	101	(127)
--Over \$70,000	13	22	20	44	1	100	(244)

Surcharge on Insurance

--Yes	5	16	17	62	--	100	(145)
--No	14	24	20	41	1	100	(564)

“Compared to three years ago, have you become more satisfied or less satisfied with your auto insurance?” [Q.24]

	<u>More Satisfied</u>	<u>Less Satisfied</u>	<u>No Change</u>	<u>No Insurance 3 Years Ago</u>	<u>Don't Know</u>	<u>Total</u>	<u>(n)</u>
February, 1997	16%	58%	21%	2%	2%	99%	(716)

Race

--White	18	57	22	2	1	100	(588)
--Non-white	11	64	16	4	5	100	(91)

Age

--18 - 29	17	54	13	13	3	100	(108)
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--30 - 49	19	59	20	--	2	100	(328)
--50 - 64	10	69	19	--	2	100	(158)
--65 and older	16	49	33	--	2	100	(112)

Surcharge on Insurance

--Yes	7	72	15	3	3	100	(145)
--No	19	55	22	2	2	100	(564)

Satisfaction With Insurance

--Very/somewhat satisfied	36	31	29	2	2	100	(239)
--Not too satisfied	10	62	19	5	4	100	(142)
--Not at all satisfied	5	78	14	2	1	100	(327)

“Do you think auto insurance rates in New Jersey have to be as high as they are in order for insurance companies to stay in business or do you think rates could be lower?” (IF ‘LOWER’, ASK: Do you think they could be a lot lower or only somewhat lower?) [Q.25]

	<u>Have To Be High</u>	<u>Could Be Somewhat Lower</u>	<u>Could Be A Lot Lower</u>	<u>Don't Know</u>	<u>Total</u>	<u>(n)</u>
February/March, 1997	2%	37%	57%	4%	100%	(716)

Satisfaction With Insurance

--Very/somewhat satisfied	5	50	39	6	100	(239)
--Not too satisfied	1	56	39	3	99	(142)
--Not at all satisfied	--	19	78	3	100	(327)

PAST SURVEYS

September, 1991	6	44	47	4	101	(800)
March, 1990	2	33	62	4	101	(800)
March, 1989	2	21	73	3	99	(800)
June, 1997	6	44	42	8	100	(800)

“Recently, Governor Whitman has made some suggestions about reforming auto insurance. Have you read or heard anything about this?” (IF ‘YES’, ASK: How much have you read or heard about this -- a lot, some, or just a little?) [Q.26]

	<u>Yes, A Lot</u>	<u>Yes, Some</u>	<u>Yes, Just A Little</u>	<u>Nothing</u>	<u>Don't Know</u>	<u>Total</u>	<u>(n)</u>
February/March, 1997	10%	22%	25%	42%	--	100%	(716)

Satisfaction With Insurance

--Very/somewhat satisfied	8	17	25	50	--	100	(239)
--Not too satisfied		11	29	22	37	--	99 (142)
--Not at all satisfied		12	24	26	37	--	99 (327)

Education

--High School or Less	8	21	28	43	--	100	(207)
--Some College	7	27	24	43	--	101	(180)
--College Graduate	16	23	21	39	1	100	(329)

“Under the suggested auto insurance proposal, drivers could choose from four basic insurance options. I’m going to read you a summary of these four options. First, would you be very likely, somewhat likely, not too likely, or not at all likely to choose...

	<u>Very Likely</u>	<u>Somewhat Likely</u>	<u>Not too Likely</u>	<u>Not At All Likely</u>	<u>Don't Know</u>	<u>Total</u>	<u>(n)</u>
“...lowering your car insurance bill by 25 percent if you agree to give up your right to sue for pain and suffering” [Q.27a]							

February/March, 1997	20%	22%	17%	37%	3%	99%	(716)
<u>Satisfaction with Car Insurance</u>							
--Very/somewhat satisfied	18	24	18	36	3	99	(239)
--Not too satisfied	21	28	23	25	3	100	(142)
--Not at all satisfied	22	19	14	42	3	100	(327)
<u>Knowledge of Suggested Plan</u>							
--A lot/Some	16	24	16	40	3	99	(255)
--Just a Little	22	20	15	37	6	100	(166)
--None/DK	22	23	19	34	2	100	(295)
“...reducing your car insurance bill by 10 percent if you agree to limit lawsuits from car accidents to cases of serious injury or death.” [Q.27b]							
February/March, 1997	27	33	13	25	2	100	(716)
<u>Satisfaction with Car Insurance</u>							
--Very/somewhat satisfied	24	34	14	25	2	99	(239)
--Not too satisfied	28	29	23	18	2	100	(142)
--Not at all satisfied	29	34	8	28	2	101	(327)
<u>Knowledge of Suggested Plan</u>							
--A lot/Some	25	32	10	32	1	100	(255)
--Just a Little	27	35	13	21	4	100	(166)
--None/DK	28	32	15	22	3	100	(295)
“...saving a little less than 10 percent on your car insurance if you agree to scheduled or pre-determined pain and suffering benefits.” [Q.27c]							
February/March, 1997	17	30	20	28	5	100	(716)
<u>Satisfaction with Car Insurance</u>							
--Very/somewhat satisfied	20	30	23	23	5	101	(239)
--Not too satisfied	14	32	26	25	2	99	(142)
--Not at all satisfied	16	28	16	33	6	99	(327)
<u>Knowledge of Suggested Plan</u>							
--A lot/Some	16	29	16	36	3	100	(255)
--Just a Little	15	30	25	23	6	99	(166)
--None/DK	19	30	21	24	6	100	(295)
“...paying 15 percent <u>more</u> on your car insurance to have no limits on what you can sue for pain and suffering rather than limiting what you can sue for and paying less.”[Q.27d]							
February/March, 1997	9	14	17	58	3	101	(716)
<u>Satisfaction with Car Insurance</u>							
--Very/somewhat satisfied	14	15	14	54	2	99	(239)
--Not too satisfied	8	11	27	52	2	100	(142)
--Not at all satisfied	6	13	14	63	3	99	(327)
<u>Knowledge of Suggested Plan</u>							
--A lot/Some	10	13	18	55	3	99	(255)
--Just a Little	7	15	16	59	3	100	(166)
--None/DK	10	14	16	59	2	101	(295)

“If you were given the choice, would you prefer to keep the auto insurance you have now or make a choice among the options available in the suggested plan?” [Q.28]

	Keep Current <u>Insurance</u>	Make Choice Among Options <u>In Suggested Plan</u>	<u>Depends</u>	<u>Don't Know</u>	<u>Total</u>	<u>(n)</u>	
February/March, 1997	52%	42%	2%	4%	100%	(716)	
<u>Race</u>							
--White	55	40	2	4	101	(588)	
--Non-White	39	54	1	6	100	(91)	
<u>Age</u>							
--18 - 29	44	46	1	8	99	(108)	
--30 - 49	43	54	1	2	100	(328)	
--50 - 64	60	36	1	3	100	(158)	
--65 and older	74	17	3	6	100	(112)	
<u>Annual Household Income</u>							
--Under \$30,000	57	36	1	6	100	(126)	
--\$30,000 to \$50,000	47	46	1	5	99	(134)	
--\$50,001 to \$70,000	47	49	3	1	100	(127)	
--Over \$70,000	48	45	2	4	99	(244)	
<u>Surcharge on Insurance</u>							
--Yes	37	59	1	4	101	(145)	
--No	56	38	2	4	100	(564)	
<u>Satisfaction with Car Insurance</u>							
--Very/somewhat satisfied	66	29	2	4	101	(239)	
--Not too satisfied		50	44	1	4	99	(142)
--Not at all satisfied		43	52	2	4	101	(327)
<u>Hear Of Plan</u>							
--A lot/some	54	41	1	3	99	(255)	
--Little	51	44	2	4	101	(166)	
--None/DK	52	42	2	5	101	(295)	

“We’d like to know how you would rate various public officials and groups in handling the issue of auto insurance. First, how would you rate the job [read item] have/has done in trying to keep car insurance rates down -- excellent, good, only fair or poor?”

	<u>Excellent</u>	<u>Good</u>	Only <u>Fair</u>	<u>Poor</u>	<u>Don't Know</u>	<u>Total</u>	<u>(n)</u>
...Governor Whitman [Q.29a]							
February/March, 1997	3%	19%	36%	37%	5%	100%	(716)
<u>Party ID</u>							
--Democrat	4	10	36	44	6	100	(184)
--Independent	2	17	37	40	4	100	(308)
--Republican	6	33	33	23	6	101	(192)
<u>Satisfaction with Car Insurance</u>							
--Very/somewhat satisfied	6	32	36	21	4	99	(239)
--Not too satisfied	5	22	41	26	7	101	(142)
--Not at all satisfied	1	9	31	54	5	100	(327)

PAST SURVEY

--September, 1991 (Governor Florio)	7	25	31	31	6	100	(799)
--September, 1989 (Governor Kean)	2	13	38	42	5	100	(706)

...Democrats in the state legislature [Q.29b]

February/March, 1997	1	7	37	41	14	100	(716)
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Party ID

--Democrat	4	12	41	33	11	101	(184)
--Independent	--	4	34	47	15	100	(308)
--Republican	1	10	40	36	14	101	(192)

Satisfaction with Car Insurance

--Very/somewhat satisfied	1	13	40	29	16	99	(239)
--Not too satisfied	1	5	48	31	15	100	(142)
--Not at all satisfied	1	4	29	54	12	100	(327)

PAST SURVEY

--September, 1991	2	14	36	28	20	100	(799)
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...Republicans in the state legislature [Q.29c]

February/March, 1997	1	13	37	36	13	100	(716)
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Party ID

--Democrat	2	11	36	39	11	99	(184)
--Independent	--	8	35	43	13	99	(308)
--Republican	2	26	37	22	13	100	(192)

Satisfaction with Car Insurance

--Very/somewhat satisfied	2	22	42	19	15	100	(239)
--Not too satisfied	1	15	40	30	14	100	(142)
--Not at all satisfied	--	6	31	51	11	99	(327)

PAST SURVEY

--September, 1991	1	12	41	24	22	100	(798)
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“On average, New Jerseyans pay more for auto insurance than drivers in any other state. In your opinion, what is the main reason why New Jerseyans pay more for car insurance?” [Q.30]

REASONS

Percent

A Lot of People/cars	15%
Lawsuits for Minor Reasons/Accidents	11
Insurance Company Profits	8
Congested Roads	6
Uninsured Motorists	6
Auto Theft	5
Bad Drivers	5
Fraud	4
Number of Lawsuits	4
Lawyers Encourage Lawsuits	3
No Oversight of Insurance by Government	3
Greed	2

State Regulations	1	
Other		3
Don't Know		23
Total		99%
(n)		(716)

EAGLETON POLL REGIONAL CLASSIFICATIONS

Region of State: Region is classified according to county boundaries:

North -- Bergen, Essex, Hudson, Morris, Passaic, Sussex, Union, and Warren

Central -- Hunterdon, Mercer, Middlesex, Monmouth, and Somerset

South -- Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean, and Salem

Type of Town/Community: All municipalities in the state have been classified into one of five groups or "types," based on location, settlement patterns, population density and growth.

Major NJ Cities -- New Jersey's largest cities: Newark, Jersey City, Paterson, Elizabeth, Trenton, and Camden.

Other Urban Centers & Surrounding Areas -- This category is generally based on the cities of the state over 25,000, but also includes densely populated suburbs of urban areas which also have similar socio-economic characteristics. For example, all of Hudson county (outside of Jersey City), and much of Union, eastern Essex and southern Bergen counties are included in this category.

Older Suburbs & Towns -- This category includes two types of municipalities: urban suburbs which are not as densely populated and/or have significantly higher socio-economic characteristics than the nearby urban center; and densely populated towns which are not near urban centers, and have not experienced major development in the past decade.

Newer Suburbs -- These are primarily suburban areas which are "outside central city" proportions of the Census Bureau's Standard Metropolitan Statistical Areas and have continued to experience growth in the past 20 years. These municipalities are usually within a short distance of urban centers.

Rural -- This includes municipalities not in any of the categories above. These are small communities with scattered populations and somewhat denser small towns which are surrounded by rural areas.