

## FICTION VS. FACT

To better understand this issue, here's a sampling of erroneous information used by collection companies in explaining police and fire accident response fees to city officials, community residents and news media.

### *Get the Facts...Then React!*

FICTION	FACT
The auto insurance industry receives the biggest financial benefit from safety service's ability to respond.	Crash victims and local residents who depend on these services at critical times are the key beneficiaries of sound, qualified police and fire departments and personnel. Police and fire protection is supposed to benefit all residents, not just those responsible enough to carry insurance.
There is no charge to cities. We bill a separate fee directly to the insurance company.	There is a charge. It's a fee percentage collected right off the top. Your community will not see a penny before the collection company gets its "administrative fee" from your insurance company.
The fees for your services (i.e. police/fire) at the scene are usual, customary and reasonable.	There is no consistency in the fees that are charged. They vary from jurisdiction to jurisdiction. Fees for police are typically billed for 30 minutes minimum, regardless of time spent at the scene. Firefighters bill for a minimum of 15 minutes, and at up to six times the hourly rate of police fees! <sup>1</sup>
Insurance companies have never challenged the rate charged for fire and police services and always pay the full charge, when they pay.	Insurance companies are obligated to monitor all claims-related expenses to help control costs. This includes statements from billing fee companies. These companies typically send form letters to insurers that don't detail the specific services rendered at the accident scene. Insurers cannot determine if coverage applies under the Medical Payments portion of your auto insurance policy without knowing the services provided at the crash scene.
Residents will never receive any bills, telephone calls or correspondence unless requested by the city.	There are cases around the state where residents have been contacted and the municipality isn't aware of the aggressive nature of collection companies to obtain payment. There have been instances where crash victims' credit reports have been jeopardized due to nonpayment of accident response fees.
Police and fire accident response fees are typically covered under your auto insurance policy.	Auto insurance provides protection to you and your passengers, your vehicle and for damages you cause in an at-fault accident. Insurance is not meant to cover local government budget shortfalls or city services. These are funded by taxpayer dollars.
Your area's insurance rates will not be impacted by collecting these fees, because only 0.7% of the residents are involved in accidents....Studies show that nonresidents account for 40-85% of accidents, depending on non-resident traffic volume.	Unsubstantiated. The collection company using these figures doesn't source the information. Why? Because it's not based on fact. Most crashes occur in your own backyard. Here are the facts, based on a Progressive Insurance <sup>2</sup> study: <ul style="list-style-type: none"> <li>• 52% of reported crashes occur 5 miles or less from home.</li> <li>• 23% of accidents occur within one mile of home.</li> <li>• Accidents are more than twice as likely to take place one mile from home compared to 20 miles.</li> <li>• Only 1% of crashes take place 50 miles from home.</li> </ul>
Insurance companies have money in reserve to pay for police services.	Insurance policies don't cover police services since these are city services paid for by taxpayers for the benefit of all residents. The same is true for fire department runs.

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By only charging nonresidents for these services, local residents are not affected.	Most insurance rating territories include areas both within and outside of a municipality. Therefore, the practice of only billing insurers of nonresidents will ultimately impact the rates of local residents living in the same insurance rating territory.
This is a significant alternative revenue source, reducing taxpayers' burden.	If this is the logic behind these fees then taxpayers should see their local taxes decrease because insurers are being asked to pay for police and fire services. This isn't happening. What is happening is that these fees are being used to fill budget deficits.
Police reports at crash scenes are compiled primarily for the use of insurance companies.	Police reports are not only a service but are required under Ohio law. <sup>3</sup> These are for the benefit of accident victims to help clarify legal liability. Personal injury attorneys and chiropractors use police reports. Insurers do not solely rely on police reports. They routinely investigate every claim.

<sup>1</sup> Based on Cost Recovery Corporation average fees for one police officer at a crash scene for 30 minutes at about \$202 (or \$101 for 15 minutes) compared to the average firefighter fee of about \$603 for 15 minutes. This is based on ranges provided to the *Youngstown Vindicator* on 9/30/05.

<sup>2</sup> Progressive Insurance study and news release, "Claims Survey Finds There's No Place Like Home - For Vehicle Crashes," May 2002. View entire release at:

[http://newsroom.progressive.com/Progressive\\_insurance\\_news/2002/May/fivemiles.aspx](http://newsroom.progressive.com/Progressive_insurance_news/2002/May/fivemiles.aspx)

<sup>3</sup> [ORC 5502.11](#) Report on motor vehicle accident