

"No Pay, No Play" Auto Insurance Laws

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Issue

What is a “no pay, no play” auto insurance law? Which states have enacted such a law? Has Connecticut considered adopting one?

Summary

The majority of states require drivers to maintain some minimum level of auto insurance or face penalties. A number of states, excluding Connecticut, also have enacted “no pay, no play” laws, which restrict the ability of an uninsured driver who is injured in a motor vehicle accident from receiving certain compensation, even if not at fault for the accident.

Specifically, most “no pay, no play” laws prohibit an uninsured driver from receiving noneconomic damages (e.g., pain and suffering, mental anguish, and loss of companionship) arising from a motor vehicle accident. Economic damages (e.g., medical bills and property damage) generally are still recoverable, although at least one state (New Jersey) limits their recovery as well.

Minimum Auto Insurance Required in Connecticut

Under state law, anyone who wants to receive or retain a driver's license or motor vehicle registration must obtain and continuously maintain at least a minimum amount of auto insurance.

Effective January 1, 2018, the law requires a minimum coverage of \$25,000 per person and \$50,000 per accident for bodily injury and \$25,000 per accident for property damage (CGS §§ [38a-335](#) and [14-112\(a\)](#)), as amended by [PA 17-114](#)).

The penalties for driving without the required insurance are summarized in [OLR Report 2017-R-0315](#).

“No pay, no pay” laws are intended to serve as an incentive to maintain the auto insurance required by law. The theory behind them is that a driver who does not maintain auto insurance should not be allowed to benefit from another’s compliance with the law while denying that benefit to others.

Currently, 11 states have a “no pay, no play” law in effect: Alaska, California, Indiana, Iowa, Kansas, Louisiana, Michigan, Missouri, New Jersey, North Dakota, and Oregon. Some “no pay, no play” laws have been challenged in court as unconstitutional, with differing results.

In Connecticut, the Insurance and Real Estate Committee considered a “no pay, no play” bill in 2015. [HB 5192](#) would have prohibited an uninsured driver injured in a motor vehicle accident from collecting noneconomic damages. The committee voted to draft the bill, held a public hearing on it, and referred it to the Judiciary Committee, where the bill died.

State “No Pay, No Play” Laws

Currently, 11 states have a “no pay, no play” law, as shown in Table 1.

Table 1: No Pay, No Play Laws

State	Statutory Citation
Alaska	Alaska Stat. § 09.65.320
California	Cal. Civ. Proc. Code § 3333.4
Indiana	Ind. Code §§ 27-7-5.1 & 34-30-29.2
Iowa	Iowa Code § 613.20
Kansas	Kan. Stat. Ann. § 40-3130
Louisiana	La. Rev. Stat. Ann. § 32:866
Michigan	Mich. Comp. Laws Ann. § 500.3135(2)(c)
Missouri	Mo. Rev. Stat. § 303.390
New Jersey	N.J. Stat. Ann. § 39:6A-4.5
North Dakota	N.D. Cent. Code § 26.1-41-20
Oregon	Or. Rev. Stat. § 31.715

For additional information on “no pay, no play” laws, including a summary of existing state laws, see this November 20, 2016 [document](#) prepared by the Wisconsin law firm Matthisen, Wickert & Lehrer, S.C.

Constitutional Challenges

“No pay, no play” laws have been challenged in court as unconstitutional in several states, with differing results. New Jersey and Louisiana courts upheld their laws as constitutional (*Caviglia v. Royal Tours of America*, 842 A.2d 125 (Sup. Ct. of N.J. 2004); *Progressive Sec. Ins. v. Foster*, 711 So.2d 675 (La. 1998)). However, the Supreme Court of Oklahoma found an Oklahoma statute (Okla. Stat. tit. 47, § 7-116) violated the state constitution because it targeted a specific group of people—uninsured motorists—and held them to a different standard than others injured in accidents (*Montgomery v. Potter*, 341 P.3d 660 (Okla. 2014)).

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