

**Insurance Institute for Highway Safety
50th Anniversary Speech
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THANK YOU.

Thank you very much for that kind introduction, Adrian. It is very much my pleasure to be here and very much a distinct honor to have been asked to speak today on the occasion of the Insurance Institute for Highway Safety's 50th anniversary. It's also good to see so many familiar faces here today—individuals and companies, organizations and government agencies committed to the goal of reducing losses—deaths, injuries, property and vehicle damage on the nation's highways.

For half a century now, IIHS has been on the vanguard in highway and automobile safety. It has been successful beyond the wildest imagination of its remarkably foresighted founders. Without exaggeration, over the past 50 years, hundreds of thousands of lives have been saved and millions of injuries avoided—or their severity lessened—in whole or in part—because of the fine work of this institution.

Let me give you some examples of what I mean. When IIHS was established 50 years ago, about 36,000 people per year died annually on America's roads in motor vehicle accidents. Amazingly, fewer people—34,017 to be exact—were killed last year, in 2008. While the toll is still too high, consider for a moment how extraordinary an achievement this is. Back in 1960,

when IIHS was just getting its start, there were 87 million licensed drivers in the United States who owned 61 million vehicles and drove them for a then record 303 billion miles. Compare that to 2008 when 205 million licensed drivers drove 256 million registered vehicles 2.9 trillion miles. In other words there were 6 percent fewer highway deaths in 2008 than in 1960 despite the fact that last year there were nearly three times as many licensed drivers, four times and many cars and ten times as many miles driven than in 1960.

Now let me add this all up for you. According to a 2002 study by the National Highway Transportation Safety Administration, and extrapolating the results through 2008, the cumulative number of lives saved since 1960 through improvements in motor vehicle safety technology is now approaching 500,000. One-half million lives saved in fifty years is not only remarkable but by any standard, it qualifies as one of the greatest public health achievements of all time. Whereas five people were killed per 100 million vehicle miles traveled in 1960, that number had plunged by nearly 75% to 1.36 fatalities per 100 million vehicle miles traveled in 2008. Put differently and in the terms where the rubber literally meets the road, it's four times safer to be on America's highways and bi-ways today than it was a half century ago despite a quadrupling in the number of vehicles on the road and a 10-fold increase in miles driven.

And that's just the beginning. It's just the beginning of what IIHS has accomplished and it's just the beginning of what this industry has accomplished in the name of public safety. In so many areas, the insurance industry has enhanced quality of life for countless people and the communities in which they live. Centuries ago, for example, the insurance industry funded local fire brigades. For a premium, we'd put out the fire in your house (the penalty for nonpayment of premium was rather harsh back then). And although as a society we have found new ways to fund fire departments, that tradition of protecting property against damage and destruction lives on through the educational efforts of individual insurers and support of organizations like the industry's very own Institute for Business and Home Safety.

For decades the mission of the IBHS has been to reduce the social and economic effects of natural disasters and other property losses through research, support of sound construction

technologies and mitigation. Today, under the leadership of Julie Rochman—who's here with us today and herself an alum of IIHS—and the Insurance Information Institute, I might add—is poised to take that mission and the benefits it brings to society and to this industry to the next level. As most of you are aware, the IBHS is in the midst of building a new facility—the Insurance Center for Building Safety Research. The Center, wholly industry owned and operated, is now under construction in Chester County, South Carolina. When complete, the \$40 million effort will be the only multi-peril research and testing facility in the country if not the world. Its focus will be on the perils of wind, fire, water intrusion and hail. I fully expect that the industry will earn back its initial investment in the facility many, many times over—just as it has with IIHS.

But please indulge me for one more example of this industry's commitment to loss reduction and safety, for I would be remiss if I did not mention the important, indeed indispensable role played by insurers in the area of occupational safety and health. This commitment to reducing injuries and deaths in the workplace is now nearly a century old, dating to the advent of the first modern workers compensation systems in the early years of the 20th century. Today, workers compensation insurers—are a primary source of loss control expertise for millions of American businesses—with tangible results. Consider that in 1926, an employee working in a manufacturing setting had a 25% percent chance of being injured on the job. In other words, 1-in-4 workers suffered injuries each year. In 2008, the odds were only about 5% or just 1-in-20 workers. Insurers can proudly claim to having played a prominent and instrumental role in making the workplace safer and employers more productive.

And whether we're talking about workers compensation, homeowners insurance or auto insurance, let's not forget that salutary effects of risk and loss sensitive pricing. The fact that the price of insurance reflects the actual and expected costs to be incurred provides employers, homeowners, drivers—buyers of all types of insurance—with incentives to act in ways which lead to the reduction or avoidance of loss. Thus the incentive effects provided by the insurance system provide benefits for society at large.

The bottom line is that this industry has a long-standing commitment to its policyholders to provide them with the proper incentives to avoid loss and ultimately enhance public safety in the broadest possible sense. Everyone here today has played a key role in maintaining that commitment either through your financial support or through your hard work and dedication.

Yet the message about the industry's good deeds is one which we often struggle to have heard. But that's not really the case with the IIHS. Virtually every car owning American has seen the Institute's crash tests. The videos are dramatic. They can be seen on television news shows, read about in newspapers and magazines and are even shown in the auto manufacturers' own advertisements. I can think of no other product where the manufacturer is willing to pay to show its own product being destroyed in slow motion on primetime television—and by the insurance industry no less.

But it doesn't stop there. For most of its first 50 years, IIHS got its message out primarily through television and the print media. What about the new media? Does IIHS's message and mission resonate in the age of the Internet? Well, to state it plainly, IIHS is everywhere in cyberspace. Presently:

- There are 6.1 million references to the Institute on the internet based on a Google search
- Nearly 52,000 other web sites link to iihs.org driving millions of unique users to the site every year
- There were 1,640 IIHS crash test videos on YouTube. And what's at least as interesting as the videos themselves are the uncensored comments viewers add to each one of those video. Let's just say that people do not hesitate to let you really know what they think about these vehicles.

IIHS has successfully competed for space in the untamed world of the internet. The information it provides is well suited and well delivered in the Information Age.

The Institute is clearly known best for its crash tests—like the one we saw earlier today— the resulting vehicle safety ratings and its annual list of Top Safety Pick Winners. The Institute can justly be proud that its ratings truly make a difference and empower consumers. A driver of a vehicle with the Institute’s “Good” rating is 50% less likely to be killed in the same crash than in car with a “Poor” rating. That is truly a distinction *with* a difference.

But I think many—even many in the insurance industry—overlook that “Highway Safety” is a much broader calling than just crashing cars. IIHS has certainly not forgotten that and its broad research agenda over the span of decades has contributed to some of the most significant innovations in motor vehicle safety technology and highway safety. Take seat belts, for example. Today, we take seat belt use for granted. But it wasn’t always that way. IIHS was at the vanguard many years ago when it came to pushing for mandatory use of seat belts. IIHS also pushed for side impact airbags and wider use of child restraints, both of which have resulted in innumerable lives saved. I remember seeing Brian O’Neil show unbelievable video from red light cameras—watching school buses loaded with children run lights at busy intersections. The Institute has also supported legislation that would keep alcohol out of the hands of young drivers and is a major supporter of graduated driver licensing laws. Countless parents of teen drivers are thankful for those efforts—myself being one of them.

So what about the next 50 years? Fifty years ago GM’s Chevy Impala was the best selling car in America. It was a big, beautiful gas guzzler and by today’s standards, not too safe. Today, Toyota, a Japanese company, is now the best selling brand in America—something that was utterly unthinkable in post-WW-II America. Its best selling model is the mid-sized Camry—affordable, fuel efficient and safe.

IIHS has kept up with the dizzying pace of change in the automobile marketplace over the past half century. I have every confidence that it will continue to do so over the next 50 years.

One thing that is for certain is that the vehicles on the roads in 2059 will be very different from what we see today. Changes in the US economy, demographic shifts, the political environment, fuel economy standards, higher energy prices and climate change legislation will influence what

types of cars are sold and how many, who sells them and ultimately how they are designed. Many new auto makers—some of whom perhaps do not understand the importance Americans place on safety—will seek to enter the US automobile market of the future. Even today China and India are banging on the doors of the US car and truck market.

And we don't have to look far to see some of the more immediate challenges before us. There are many problems today which will require solutions within just the next few years. Blackberries, cell phones, iPods and a myriad of other devices are contributing to an epidemic in accidents attributable to distracted driving. The Baby Boomer generation, whose parents might have owned that 1959 Impala, are reaching an age where their eyesight and reflexes will make them progressively more likely to be involved in accidents. The Green Revolution is ushering in an era of alternative fuel vehicles and micro cars with unknown impacts on safety. Can technology alone overcome these problems? What is the role of education? What roles should be played by regulation and legislation? Will we be forced to make tradeoffs between safety on the one hand and environmental considerations on the other?

The next 50 years will bring its share of challenges when it comes to automobile and highway safety—and our large economy and complex society will defy simple solutions. But amid such uncertainty we can be certain of one thing—that IIHS will be there, playing a leadership role in devising solutions that benefit not only the insurance industry—but our customers, our economy and population as a whole.

We're fortunate to work in an industry where we can all wake up every day and feel good about what we do—not just Adrian—but all of us. We can and should be proud of insurance organizations like IIHS—a crown jewel of the industry. So on this—the 50th anniversary of the Insurance Institute for Highway Safety—let's use the momentum, the memories and the lessons of the past half century to guide us through the next.

THANK YOU.