

HOUSE BILL REPORT

HB 2448

As Reported by House Committee On:
Business & Financial Services

Title: An act relating to transferring the insurance and financial responsibility program.

Brief Description: Transferring the insurance and financial responsibility program.

Sponsors: Representatives Fey, Orcutt and Ryu; by request of State Treasurer.

Brief History:

Committee Activity:

Business & Financial Services: 1/24/14, 1/29/14 [DPS].

Brief Summary of Substitute Bill

- Provides that the Department of Licensing, rather than the Office of the State Treasurer, is the agency authorized to issue a certificate when a driver has posted the required security to demonstrate proof of financial responsibility for motor vehicle accidents that involve damage to property, personal injury, or death to others.

HOUSE COMMITTEE ON BUSINESS & FINANCIAL SERVICES

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 15 members: Representatives Kirby, Chair; Ryu, Vice Chair; Parker, Ranking Minority Member; Vick, Assistant Ranking Minority Member; Blake, Fagan, Habib, Hawkins, Hudgins, G. Hunt, Hurst, Kochmar, MacEwen, Santos and Stanford.

Staff: Linda Merelle (786-7092).

Background:

Financial Responsibility Program.

Proof of financial responsibility means proof of the ability to respond to damages where a driver or owner is liable. Unless exempt, the driver or owner of a motor vehicle subject to registration who is involved in an accident within Washington that results in bodily injury,

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death, or property damage must provide a security deposit. The driver's license of an owner of a vehicle involved in an accident or of any driver involved in an accident may be suspended if a required security deposit is not provided within 60 days of receiving notice from the Department of Licensing (Department).

Proof of financial responsibility may be provided by a certificate of the Office of the State Treasurer (Treasurer) that the person named has deposited \$60,000 in cash or securities with a market value of \$60,000. The Treasurer must not issue a certificate and the Department must not accept any certificate unless it is also shown that there are no unsatisfied judgments against the depositor in the county where he or she lives.

Any requirement to provide security does not apply to:

- the driver or owner of a motor vehicle if the owner had an automobile liability policy or bond in effect, except where a driver at the time of the accident operated the vehicle without the owner's permission;
- the driver if there is a bona fide claim on the part of the driver that there was an insurance policy or bond covering the driver at the time of the accident;
- any person qualifying as a self-insurer or any person operating a vehicle for a self-insurer;
- any driver or owner of a vehicle, where the accident caused no injury or damage to a person or property except that of the driver or owner;
- the driver or owner of a vehicle, where the vehicle was legally parked at the time of the accident;
- the owner of the vehicle, where the vehicle was driven or parked illegally without the owner's express or implied consent;
- the owner of a vehicle that was leased by the United States, Washington, or any political subdivision or municipality of Washington or to a driver operating such vehicle with permission; or
- the owner or driver of a vehicle, where at the time of the accident the vehicle was being operated by or at the direction of a police officer who, in the performance of his or her duties, assumed custody of the vehicle.

Summary of Substitute Bill:

The Department, instead of the Treasurer, is the agency that issues the certificate upon a showing that a driver or owner has made the required security deposit, demonstrating proof of financial responsibility regarding motor vehicle accidents.

Substitute Bill Compared to Original Bill:

The provisions regarding the increases in the amounts of security and the minimum requirement for liability insurance for property damage have been removed.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) A request was made by the Treasurer to remove the Treasurer from having any role in the Financial Responsibility Program and have all of the work done by the Department. This is a simple transfer of duties. This transfer will streamline the process and make it easier for those individuals who choose to go down this path for financial responsibility.

(Opposed) None.

Persons Testifying: Scott Merriman, Office of the State Treasurer.

Persons Signed In To Testify But Not Testifying: None.