

# HOUSE BILL REPORT

## HB 1804

---

**As Reported By House Committee On:**  
Financial Institutions & Insurance

**Title:** An act relating to underinsured motor vehicle insurance coverage.

**Brief Description:** Revising underinsured motorist coverage.

**Sponsors:** Representatives Beeksma, L. Thomas and Koster.

**Brief History:**

**Committee Activity:**

Financial Institutions & Insurance: 2/22/95, 3/1/95 [DPA].

---

### HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

**Majority Report:** Do pass as amended. Signed by 13 members: Representatives L. Thomas, Chairman; Smith, Vice Chairman; Wolfe, Ranking Minority Member; Grant, Assistant Ranking Minority Member; Campbell; Costa; Dellwo; Dyer; Huff; Kessler; Mielke; Ogden and Pelesky.

**Minority Report:** Without recommendation. Signed by 2 members: Representatives Beeksma, Vice Chairman; and Benton.

**Staff:** Charlie Gavigan (786-7340).

**Background:** Underinsured automobile insurance provisions cover bodily injury or property damage to the insured from a vehicle that is not insured or that is insured, but the limits of that policy do not cover the legal liability to the insured. All new or renewed automobile insurance policies must include underinsured motorist coverage unless the insured rejects this coverage in writing. Underinsured motorist provisions must cover hit and run incidents, as well as phantom vehicles.

There have been numerous court decisions interpreting underinsured motorist laws in Washington.

**Summary of Amended Bill:** The House Financial Institutions and Insurance Committee must conduct a study during the 1995 interim on underinsured motorist insurance issues in Washington State.

**Amended Bill Compared to Original Bill:** The amended bill eliminates all changes to the current law and requires the House Financial Institutions Committee to conduct a study.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date of Amended Bill:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** Consumers should not have to reject insurance coverage in writing in order not to have to purchase it. Clarifications need to be made to uninsured motorist insurance; it is becoming a policy of first resort, rather than last resort.

**Testimony Against:** The mandatory provisions provide an opportunity to educate consumers about this important insurance product, so this requirement should not be removed. In addition, this bill overturns a significant number of court decisions without studying the impact on consumers. It will harm consumers by limiting recoveries for injuries suffered.

**Testified:** Larry Shannon, Washington State Trial Lawyers Association (con); Pat LePley, Washington State Trial Lawyers Association (con); John Budlong, Washington State Trial Lawyers Association (con); Jean Leonard, State Farm and Washington Insurers (pro); Greg McGee, Pemco (pro); and Paul Danner, State Farm Insurance (pro).