

HOUSE BILL REPORT

HB 1727

As Passed House:

January 12, 1996

Title: An act relating to mandatory offering of personal injury protection insurance.

Brief Description: Eliminating the mandatory offering of personal injury protection insurance.

Sponsors: Representatives Beeksma, Wolfe, L. Thomas, Dyer, Costa and Mielke; by request of Insurance Commissioner.

Brief History:

Committee Activity:

Financial Institutions & Insurance: 2/22/95, 2/27/95 [DP].

Floor Activity:

Passed House: 3/15/95, 83-12;

Passed House: 1/12/96, 66-26.

HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

Majority Report: Do pass. Signed by 9 members: Representatives L. Thomas, Chairman; Beeksma, Vice Chairman; Smith, Vice Chairman; Wolfe, Ranking Minority Member; Benton; Dyer; Huff; Mielke and Pelesky.

Minority Report: Do not pass. Signed by 6 members: Representatives Grant, Assistant Ranking Minority Member; Campbell; Costa; Dellwo; Kessler and Ogden.

Staff: Charlie Gavigan (786-7340).

Background: Personal Injury Protection (PIP) is a type of automobile insurance coverage that most drivers have as part of their comprehensive automobile insurance policy. PIP coverage generally includes disability, wage loss, and death benefit coverage.

Under a 1993 law, automobile liability insurance companies must provide PIP coverage under nonbusiness auto insurance policies unless the named insured rejects PIP coverage in writing. Insurers need not provide PIP coverage for motor homes or motorcycles, for intentional injuries, for injuries arising from war, from toxic waste exposure, from accidents while the insured is occupying an owned but uninsured auto,

or from accidents to the insured's relative while occupying an auto owned by the relative.

PIP benefits must extend to reasonable and necessary medical and hospital expenses up to \$10,000 incurred within three years from the date of the insured's injury. Funeral expenses must be covered up to \$2,000. Loss of income benefits must be provided up to \$10,000, subject to certain limits. Loss of services benefits must be provided up to \$40 per day, not exceeding a total of \$5,000. Insurers must offer higher limits for all such benefits as provided in statute when requested by the insured.

Summary of Bill: Statutory provisions regarding PIP insurance are repealed. The mandatory offering of PIP coverage, the requirement that PIP coverage be rejected in writing, and the provisions prescribing minimum and maximum benefits that PIP coverage must include are all repealed.

The Insurance Commissioner is authorized to adopt necessary rules to carry out the statutory changes regarding PIP insurance.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: The current law on personal injury protection coverage is unnecessary and limits consumer choice. It is confusing to the consumer and has resulted in numerous consumer complaints.

Testimony Against: The current law ensures consumers are educated about an important insurance product. Administrative issues and any consumer confusion will end in July 1995, after the current law has been in effect one year.

Testified: Larry Shannon, Washington State Trial Lawyers Association (con); Mary Clogston, Office of the Insurance Commissioner (pro); Patrick Musick, Office of the Insurance Commissioner (pro); Jim Bricker, Pemco (pro); and Jean Leonard, State Farm and Washington Insurers (pro).