

HOUSE BILL REPORT

HB 2749

As Reported By House Committee On:

Financial Institutions & Insurance

Title: An act relating to vehicle liability insurance.

Brief Description: Increasing incentives for having vehicle insurance.

Sponsors: Representatives Clements, L. Thomas and Silver.

Brief History:

Committee Activity:

Financial Institutions & Insurance: 1/25/96, 1/31/96 [DPS].

HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 14 members: Representatives L. Thomas, Chairman; Beeksma, Vice Chairman; Smith, Vice Chairman; Wolfe, Ranking Minority Member; Scheuerman, Assistant Ranking Minority Member; Benton; Dellwo; Dyer; Grant; Huff; Keiser; Kessler; Pelesky and D. Sommers.

Staff: Charlie Gavigan (786-7340).

Background: In 1989, the Legislature adopted a mandatory automobile liability insurance law. Owners and operators of motor vehicles are required to obtain and maintain a liability insurance policy in the amount of \$25,000 per person for bodily injury, \$50,000 per accident for bodily injury, and \$10,000 per accident for property damage. Motorcycles, motor-driven cycles, and mopeds are excluded from the mandatory insurance requirements.

Written proof of financial responsibility must be provided on the request of a law enforcement officer. Failure to provide proof of insurance upon request is a traffic infraction.

Although failure to provide proof of insurance creates a presumption that the person does not have the required insurance coverage, a person cited for not having the proof of insurance can have the traffic citation dismissed by proving to the court that the person had insurance coverage at the time the citation was issued.

Summary of Substitute Bill: A joint interim study is established to recommend incentives and additional penalties to increase compliance with mandatory vehicle insurance requirements. The joint study is to be performed by the Senate Financial Institutions & Housing Committee and the House Financial Institutions & Insurance Committee. The committees are to consult with the appropriate state agencies, law enforcement officials, and the insurance industry. The committees are to provide recommendations by January 1, 1997.

Substitute Bill Compared to Original Bill: The substitute bill removes changes to current law proposed by the original bill and creates a joint interim study to recommend incentives and additional penalties to increase compliance with mandatory vehicle insurance requirements.

Appropriation: None.

Fiscal Note: Requested on January 23, 1996.

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

Testimony For: (Original bill) A significant number of drivers do not have the mandatory vehicle liability coverage required by state law. Incentives for compliance are needed, as are additional penalties for those who are caught repeatedly without proof of insurance.

Testimony Against: (Original bill) The intent of the bill is good, but the process of temporarily surrendering the license plates and registration could cause significant problems for the Department of Licensing's new computer project.

Testified: Representative Clements, prime sponsor (supports); Jean Leonard, State Farm and Washington Insurers; Mike Kappahn, Farmers Insurance Group; and Deb McCurley, Department of Licensing (opposes).