

SENATE BILL REPORT

HB 1727

As Reported By Senate Committee On:
Financial Institutions & Housing, March 30, 1995

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 & Housing: 3/28/95, 3/30/95 [DP].

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS & HOUSING

Majority Report: Do pass.

Signed by Senators Prentice, Chair; Hale, Sellar and Sutherland.

Staff: Catherine Mele (786-7470)

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Summary of Bill: Statutory provisions regarding PIP insurance are repealed.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rejected in writing, and the provisions prescribing minimum and maximum benefits that PIP coverage must include are all repealed.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: This law only adds confusion when consumers purchase insurance. The Office of the Insurance Commissioner has received large numbers of complaints on this issue. There have been questions about whether the negative roll on applies to commercial vehicles, and whether the definitions section applies to other types of insurance. This law has not significantly increased the number of consumers who purchase personal injury protection insurance. This law is unnecessary and limits consumer choice.

Testimony Against: This insurance protects consumers. When an injured consumer has a soft tissue injury it is difficult to obtain medical care if the consumer does not have insurance. This is good social policy. Persons who complain are more informed than the typical consumer. The average person does not know about it and needs to be reminded that such coverage exists. Mandatory offering of personal injury protection insurance is the same method that is used for underinsured motorists coverage. Any administrative issues and consumer confusion will end in July, 1995, after the current law has been in effect one year.

Testified: Representative Beeksma, prime sponsor; Pat Musick, Mary Clogsten, Insurance Commissioner's Office (pro); Hal Hodgins, King Co. Bar Assn. (con); Larry Shannon, WSTLA; Mike Kappahn, Farmers Ins. Group (pro).