

SENATE BILL REPORT

SB 5426

As of January 30, 1995

Title: An act relating to criteria to be used when rating senior citizens for private passenger automobile insurance.

Brief Description: Using age as a rating factor for auto insurance.

Sponsors: Senators Fraser, Pelz, Fairley, Prentice and Kohl; by request of Insurance Commissioner.

Brief History:

Committee Activity: Financial Institutions & Housing: 1/31/95.

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS & HOUSING

Staff: Erika Lim (786-7488)

Background: Age is a factor that is sometimes considered by an insurance company when determining private passenger automobile insurance rates. For example, a 16 year-old must often pay a higher premium than a 21 year-old. For young drivers, the premium rates often change annually. Some insurance companies consider advancing age when determining rates and charge higher premiums for senior citizens than for non-senior citizens. When these increases are imposed at intervals of more than one year -- for example, every five years -- the resulting jump in the premium amount can be substantial.

Summary of Bill: Insurers who consider age a factor when computing private passenger automobile insurance rates may not increase a premium based on a driver's advancing age more than 5 percent per year.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill takes effect on January 1, 1996.