
HOUSE BILL 1206

State of Washington 60th Legislature 2007 Regular Session

By Representatives Chase, Kirby, Green, Wallace, Dickerson, Haigh, Ormsby, Darneille, Moeller, Santos and Wood

Read first time 01/15/2007. Referred to Committee on Insurance, Financial Service & Consumer Protection.

1 AN ACT Relating to assisting low-income persons to obtain
2 affordable automobile liability insurance; amending RCW 46.29.090 and
3 46.29.490; and adding a new section to chapter 48.22 RCW.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 NEW SECTION. **Sec. 1.** A new section is added to chapter 48.22 RCW
6 to read as follows:

7 (1) The legislature finds that low-income persons have difficulty
8 affording the mandatory liability insurance required under chapter
9 46.30 RCW. The legislature intends to enable and encourage these
10 persons to obtain automobile insurance and develop a history of having
11 automobile insurance. The legislature intends to accomplish this by
12 equitably apportioning, among insurers required to participate in an
13 assigned risk plan, coverage for low-income persons.

14 (2)(a) The commissioner shall create an assigned risk plan under
15 RCW 48.22.020 to provide the minimum mandatory automobile liability
16 coverages required under chapter 46.30 RCW to low-income persons.

17 (b) For purposes of this section, "low-income person" means a
18 person in a household with a gross annual household income that does
19 not exceed one hundred fifty percent of the federal poverty level.

1 (c) The policy shall have the minimum limits set forth in RCW
2 46.29.490(2)(b)(ii).

3 (d) Each policy shall have a term of one year. Each policy must be
4 renewable if the policyholder continues to qualify as a low-income
5 person, meets other eligibility requirements, and has made timely
6 premium payments.

7 (e) Each policy shall provide that premiums may be paid in full or
8 in monthly, quarterly, or half-yearly installments at the choice of the
9 policyholder.

10 (f) The policy shall cover the person named in the policy, and to
11 the same extent that insurance is provided to the named insured, any
12 other person using the automobile with permission, express or implied.

13 (g) The plan's policy forms and rates are subject to the approval
14 by the commissioner. Rates shall be sufficient to cover losses and
15 reasonable administrative costs.

16 (h) The commissioner may designate a manager or committee to
17 operate the plan.

18 (3) Any applicant for a low-income policy, any person insured under
19 a low-income policy, and any insurer affected may appeal to the
20 commissioner from any ruling or decision of the manager or committee
21 designated to operate the plan.

22 (4)(a) The commissioner shall adopt the plan of operation by rule.
23 The plan of operation must include eligibility criteria that preclude
24 enrollment by drivers that are an excessive risk due to fraud, accident
25 history, moving violations, or felony or misdemeanor convictions under
26 Title 46 RCW. The eligibility criteria should not look back beyond
27 three years prior to enrollment.

28 (b) The commissioner shall adopt any other rules necessary to
29 implement this section.

30 **Sec. 2.** RCW 46.29.090 and 1980 c 117 s 3 are each amended to read
31 as follows:

32 (1) No policy or bond is effective under RCW 46.29.080 unless
33 issued by an insurance company or surety company authorized to do
34 business in this state, except as provided in subsection (2) of this
35 section, nor unless such policy or bond is subject, if the accident has
36 resulted in bodily injury or death, to a limit, exclusive of interest
37 and costs, of ~~((not less than))~~:

1 (a) For a standard policy, twenty-five thousand dollars because of
2 bodily injury to or death of one person in any one accident and,
3 subject to (~~(said)~~) this limit for one person, (~~(to a limit of not less~~
4 ~~than)~~) fifty thousand dollars because of bodily injury to or death of
5 two or more persons in any one accident, (~~(and if the accident has~~
6 ~~resulted in injury to, or destruction of, property to a limit of not~~
7 ~~less than)~~) and ten thousand dollars because of injury to or
8 destruction of property of others in any one accident.

9 (b) For a low-income policy under section 1 of this act, ten
10 thousand dollars because of bodily injury to or death of one person in
11 any one accident and, subject to this limit for one person, twenty
12 thousand dollars because of bodily injury to or death of two or more
13 persons in any one accident, and three thousand dollars because of
14 injury to or destruction of property of others in any one accident.

15 (2) No policy or bond is effective under RCW 46.29.080 with respect
16 to any vehicle which was not registered in this state or was a vehicle
17 which was registered elsewhere than in this state at the effective date
18 of the policy or bond or the most recent renewal thereof, unless the
19 insurance company or surety company issuing such policy or bond is
20 authorized to do business in this state, or if (~~(said)~~) the company is
21 not authorized to do business in this state, unless it executes a power
22 of attorney authorizing the director of licensing to accept service on
23 its behalf of notice or process in any action upon such policy or bond
24 arising out of such accident.

25 (3) The department may rely upon the accuracy of the information in
26 a required report of an accident as to the existence of insurance or a
27 bond unless and until the department has reason to believe that the
28 information is erroneous.

29 **Sec. 3.** RCW 46.29.490 and 1980 c 117 s 6 are each amended to read
30 as follows:

31 (1) Certification. A "motor vehicle liability policy" as (~~(said)~~)
32 the term is used in this chapter means an "owner's policy" or an
33 "operator's policy" of liability insurance, certified as provided in
34 RCW 46.29.460 or 46.29.470 as proof of financial responsibility for the
35 future, and issued, except as otherwise provided in RCW 46.29.470, by
36 an insurance carrier duly authorized to transact business in this

1 state, to or for the benefit of the person named in the policy as
2 insured.

3 (2) Owner's policy. Such owner's policy of liability insurance:

4 (a) Shall designate by explicit description or by appropriate
5 reference all vehicles with respect to which coverage is to be granted
6 by the policy; and

7 (b) Shall insure the person named therein and any other person, as
8 insured, using any such vehicle or vehicles with the express or implied
9 permission of such named insured, against loss from the liability
10 imposed by law for damages arising out of the ownership, maintenance,
11 or use of such vehicle or vehicles within the United States of America
12 or the Dominion of Canada, subject to limits exclusive of interest and
13 costs, with respect to each such vehicle as follows:

14 (i) For a standard policy, twenty-five thousand dollars because of
15 bodily injury to or death of one person in any one accident and,
16 subject to (~~said~~) this limit for one person, fifty thousand dollars
17 because of bodily injury to or death of two or more persons in any one
18 accident, and ten thousand dollars because of injury to or destruction
19 of property of others in any one accident.

20 (ii) For a low-income policy under section 1 of this act, ten
21 thousand dollars because of bodily injury to or death of one person in
22 any one accident and, subject to this limit for one person, twenty
23 thousand dollars because of bodily injury to or death of two or more
24 persons in any one accident, and three thousand dollars because of
25 injury to or destruction of property of others in any one accident.

26 (3) Operator's policy. Such operator's policy of liability
27 insurance shall insure the person named as insured therein against loss
28 from the liability imposed upon him by law for damages arising out of
29 the use by him of any motor vehicle not owned by him, within the same
30 territorial limits and subject to the same limits of liability as are
31 set forth above with respect to an owner's policy of liability
32 insurance.

33 (4) Required statements in policies. Such motor vehicle liability
34 policy shall state the name and address of the named insured, the
35 coverage afforded by the policy, the premium charged therefor, the
36 policy period, and the limits of liability, and shall contain an
37 agreement or be endorsed that insurance is provided under the policy in

1 accordance with the coverage defined in this chapter as respects bodily
2 injury and death or property damage, or both, and is subject to all the
3 provisions of this chapter.

4 (5) Policy need not insure workers' compensation, etc. Such motor
5 vehicle liability policy need not insure any liability under any
6 workers' compensation law nor any liability on account of bodily injury
7 or death of an employee of the insured while engaged in the employment,
8 other than domestic, of the insured, or while engaged in the operation,
9 maintenance, or repair of any such vehicle nor any liability for damage
10 to property owned by, rented to, in charge of, or transported by the
11 insured.

12 (6) Provisions incorporated in policy. Every motor vehicle
13 liability policy is subject to the following provisions which need not
14 be contained therein:

15 (a) The liability of the insurance carrier with respect to the
16 insurance required by this chapter becomes absolute whenever injury or
17 damage covered by said motor vehicle liability policy occurs; said
18 policy may not be canceled or annulled as to such liability by any
19 agreement between the insurance carrier and the insured after the
20 occurrence of the injury or damage; no statement made by the insured or
21 on his behalf and no violation of said policy defeats or voids said
22 policy.

23 (b) The satisfaction by the insured of a judgment for such injury
24 or damage shall not be a condition precedent to the right or duty of
25 the insurance carrier to make payment on account of such injury or
26 damage.

27 (c) The insurance carrier may settle any claim covered by the
28 policy, and if such settlement is made in good faith, the amount
29 thereof is deductible from the limits of liability specified in
30 subdivision (b) of subsection (2) of this section.

31 (d) The policy, the written application therefor, if any, and any
32 rider or endorsement which does not conflict with the provisions of
33 this chapter constitutes the entire contract between the parties.

34 (7) Excess or additional coverage. Any policy which grants the
35 coverage required for a motor vehicle liability policy may also grant
36 any lawful coverage in excess of or in addition to the coverage
37 specified for a motor vehicle liability policy, and such excess or
38 additional coverage is not subject to the provisions of this chapter.

1 With respect to a policy which grants such excess or additional
2 coverage the term "motor vehicle liability policy" applies only to that
3 part of the coverage which is required by this section.

4 (8) Reimbursement provision permitted. Any motor vehicle liability
5 policy may provide that the insured shall reimburse the insurance
6 carrier for any payment the insurance carrier would not have been
7 obligated to make under the terms of the policy except for the
8 provisions of this chapter.

9 (9) Proration of insurance permitted. Any motor vehicle liability
10 policy may provide for the prorating of the insurance thereunder with
11 other valid and collectible insurance.

12 (10) Multiple policies. The requirements for a motor vehicle
13 liability policy may be fulfilled by the policies of one or more
14 insurance carrier which policies together meet such requirements.

15 (11) Binders. Any binder issued pending the issuance of a motor
16 vehicle liability policy is deemed to fulfill the requirements for such
17 a policy.

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