
Business & Financial Services Committee

HB 2448

Brief Description: Transferring the insurance and financial responsibility program.

Sponsors: Representatives Fey, Orcutt and Ryu; by request of State Treasurer.

Brief Summary of Bill

- Provides that the Department of Licensing, rather than the State Treasurer, is the agency authorized to issue a certificate when a driver has posted the required security to demonstrate proof of financial responsibility for motor vehicle accidents that involve the damage to property, personal injury, or death to others.
- Increases the amount of the security deposit required to demonstrate financial responsibility regarding motor vehicle accidents from \$60,000 to \$65,000.
- Increases the minimum requirement for liability insurance for property damage to \$15,000.

Hearing Date: 1/24/14

Staff: Linda Merelle (786-7092).

Background:

Financial Responsibility Program.

Proof of financial responsibility means proof of the ability to respond to damages where a driver or owner is liable. Unless exempt, the driver or owner of a motor vehicle subject to registration who is involved in an accident within Washington that results in bodily injury, death, or property damage must provide a security deposit. The driver's license of an owner of a vehicle involved in an accident or of any driver involved in an accident may be suspended if a required security deposit is not provided within 60 days of receiving notice from the Department of Licensing (Department).

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

The minimum required liability insurance for an accident involving the bodily injury to or death of one person in any one accident is \$25,000 and \$50,000 for the bodily injury or death of two persons. For property damage, the minimum requirement for liability insurance is \$10,000.

Proof of financial responsibility may be provided by a certificate of the State Treasurer (Treasurer) that the person named has deposited \$60,000 in cash or securities with a market value of \$60,000. The Treasurer must not issue a certificate and the Department must not accept any certificate unless it is also shown that there are no unsatisfied judgments against the depositor in the county where he or she lives.

Any requirement to provide security does not apply to:

- the driver or owner of a motor vehicle if the owner had an automobile liability policy or bond in effect, except where a driver at the time of the accident operated the vehicle without the owner's permission;
- the driver if there is a bona fide claim on the part of the driver that there was an insurance policy or bond covering the driver at the time of the accident;
- any person qualifying as a self-insurer or any person operating a vehicle for a self-insurer;
- any driver or owner of a vehicle, where the accident caused no injury or damage except to the person or property of anyone other than the driver or owner;
- the driver or owner of a vehicle, where the vehicle was legally parked at the time of the accident;
- the owner of the vehicle, where the vehicle was driven or parked illegally without the owner's express or implied consent;
- the owner of a vehicle that was leased by the United States, Washington, or any political subdivision or municipality of Washington or to a driver operating such vehicle with permission; or
- the owner or driver of a vehicle, where at the time of the accident the vehicle was being operated by or at the direction of a police officer who, in the performance of his or her duties, assumed custody of the vehicle.

Summary of Bill:

The Department, instead of the Treasurer, is the agency that issues the certificate upon a showing that a driver or owner has made the required security deposit, demonstrating proof of financial responsibility regarding motor vehicle accidents. The amount of the required security deposit is increased from \$60,000 to \$65,000.

The minimum requirement for liability insurance for property damage is increased from \$10,000 to \$15,000.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.