

HOUSE BILL REPORT

HB 1599

As Reported By House Committee On:
Financial Institutions & Insurance

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 L. Thomas, Zellinsky, Wolfe, Wensman, Keiser and Benson.

Brief History:

Committee Activity:

Financial Institutions & Insurance: 2/13/97, 2/27/97 [DP].

HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

Majority Report: Do pass. Signed by 6 members: Representatives L. Thomas, Chairman; Smith, Vice Chairman; Zellinsky, Vice Chairman; Benson; DeBolt and Wensman.

Minority Report: Do not pass. Signed by 5 members: Representatives Wolfe, Ranking Minority Member; Grant, Assistant Ranking Minority Member; Constantine; Keiser and Sullivan.

Staff: Charlie Gavigan (786-7340).

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 is first party, no-fault coverage that 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Summary of Bill: Statutory provisions regarding PIP insurance are repealed.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rejected in writing, and the provisions prescribing minimum and maximum benefits that PIP coverage must include are all repealed.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: The requirement that PIP coverage be rejected in writing is confusing to consumers. PIP laws do not give consumers choice; the law is too prescriptive

Testimony Against: PIP is a good product; repealing this law could result in fewer people having coverage. The requirement that it be rejected in writing provides certainty regarding whether a person has PIP coverage. Current law that specifically includes chiropractors in providing medical benefits should be retained.

Testified: Jean Leonard, Washington Insurers and State Farm (supports); Craig McGee, PEMCO (supports); Steve Wehrly, Washington Chiropractic Trust (opposes); Larry Shannon and Deborah Nelson-Willis, Washington State Trial Lawyers Association (oppose); Mel Sorensen, National Association of Independent Insurers (supports); and Mike Kappahn, Farmers Insurance (supports).