
**Financial Institutions &
Insurance Committee**

HB 1257

Brief Description: Providing an opportunity to reject motorcycle or motor-driven cycle insurance coverage.

Sponsors: Representatives Roach, Kirby, Newhouse, Simpson, Holmquist, Haler, Upthegrove, O'Brien and Nixon.

Brief Summary of Bill

- An insurer who elects to write motorcycle or motor-driven cycle insurance must offer coverage against underinsured vehicles and provide an opportunity for prospective insureds to reject the coverage in writing.

Hearing Date: 2/1/05

Staff: Jon Hedegard (786-7127).

Background:

Definition of underinsured motor vehicle

An "underinsured motor vehicle" is defined as a vehicle in which the party legally responsible (by virtue of ownership, maintenance, or use) for the bodily injury or property damage has either no insurance coverage or insufficient coverage to cover the full amount of the damage costs to which the injured party is legally entitled.

Requirements for automobile coverage

Automobile insurance must include coverage for damages resulting from underinsured motor vehicles. An insurer must include protection for insureds who are legally entitled to recover damages for bodily injury, death, or property damage from owners or operators of underinsured motor vehicles, hit-and-run motor vehicles, and phantom vehicles.

Waiver of underinsured coverage

An insured or their spouse may reject underinsured coverage for bodily injury, death, or property damage. The rejection must be in writing. The rejection requirement applies only to original issuance of policies and not to renewal or replacement policies.

Exemptions from the coverage offering

The coverage requirement does not apply to operating a motorcycle or motor-driven cycle. The coverage requirement also does not apply to general liability policies or other policies acting as excess to the insurance directly applicable to the vehicle insured.

Summary of Bill:

An insurer who elects to write motorcycle or motor-driven cycle insurance must provide an opportunity for prospective insureds to reject coverage against underinsured vehicles in writing.

Appropriation: None.

Fiscal Note: Not requested.

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