

HOUSE BILL REPORT

HB 2987

As Reported by House Committee On:

Financial Institutions & Insurance

Title: An act relating to underinsured motorist coverage.

Brief Description: Offering motorcycle or motor-driven cycle insurance.

Sponsors: Representatives Roach, Simpson, G., Dunshee, Murray, Anderson, Hatfield, Cairnes, Delvin, Buck and Woods.

Brief History:

Committee Activity:

Financial Institutions & Insurance: 2/4/04, 2/6/04 [DP].

Brief Summary of Bill

- Requires insurers to inform prospective insureds about the availability of underinsured motor vehicle coverage for motorcycles or motor-drive cycles if the insurer writes that type of coverage.
- Requires insurers writing this coverage to provide an opportunity for the insured to reject the coverage in writing.

HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

Majority Report: Do pass. Signed by 11 members: Representatives Schual-Berke, Chair; G. Simpson, Vice Chair; Benson, Ranking Minority Member; Newhouse, Assistant Ranking Minority Member; Cairnes, Carrell, Cooper, Hatfield, Roach, Santos and D. Simpson.

Staff: Caroleen Dineen (786-7156).

Background:

Automobile insurance must include coverage for damages resulting from underinsured motor vehicles. An insurer must provide 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. This coverage requirement does not apply to insureds 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.

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

Summary of Bill:

An insurer who elects to write motorcycle or motor-driven cycle insurance must provide information to prospective insureds about underinsured motor vehicle coverage. The insurer also must provide an opportunity for prospective insureds to reject the coverage 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.

Testimony For: (In support) Consumers are not being informed that underinsured motorist coverage for motorcycles is offered by some insurers. This bill ensures that consumers will be informed of the availability of this type of coverage and provide informational parity for drivers of automobiles and motorcycles. Currently automobile drivers get the opportunity to reject underinsured motorist coverage with their policies. This bill would give the same opportunity to motorcycle drivers.

(Concerns) Some insurers do offer underinsured motorist coverage to motorcycle drivers. If insurers offer the coverage, there does not seem to be a reason why they would not tell consumers about it. Insurers who do not offer the coverage should not be forced to do so. The current recordkeeping requirements for insurers are significant, and concern exists that an insurer may receive a violation for an inadvertent failure to have this type of documentation in a client's file. In addition, this bill may require insurers to redraft all their forms to be in compliance with this requirement.

Testimony Against: None.

Persons Testifying: (In support) Larry Walker, Washington Road Riders Association.

(Concerns) Mike Kappahan, Farmers Insurance Company; and Mel Sorenson, Property

and Casualty Insurance Association.

Persons Signed In To Testify But Not Testifying: None.