

SENATE BILL REPORT

SB 5954

As of February 22, 2007

Title: An act relating to requiring mandatory liability insurance for all motor-driven vessels at least thirty feet in length.

Brief Description: Requiring mandatory liability insurance for certain motor-driven vessels.

Sponsors: Senators Jacobsen, Morton and Rasmussen.

Brief History:

Committee Activity: Financial Institutions & Insurance: 2/21/07.

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

Staff: Diane Smith (786-7410)

Background: Maintenance of liability insurance coverage is not a requirement to register motor-driven vessels in Washington. Vessels under 16 feet in length without any propulsion machinery of any type are exempt from registration. Licensing of those who drive or pilot non-commercial motor-driven pleasure boats is also not required.

Summary of Bill: No motor-driven vessel of more than 30 feet in length that is subject to registration may be owned or piloted in Washington unless the person carries at least \$300,000 in liability insurance coverage. Written proof of financial responsibility must be provided when requested by a law enforcement officer. Failure to provide this written proof results in a misdemeanor marine traffic infraction. The Department of Licensing must provide notification of this requirement with new and renewal vessel registrations.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony: PRO: Vessels that catch fire in a marina can cause damage to other boats and the marina structures. These fires quickly run up into hundreds of thousands of dollars of damage. Many municipal marinas require insurance for boats that moor there. They cannot require coverage for transient moorage even though it can pose a danger. Having a state-wide requirement will help. It puts us closer to the goal of financial responsibility and provides a mechanism to enforce it. It is a secondary enforcement

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mechanism. It is a good first step toward protecting taxpayer investment in marinas. It is more practical than mandatory road-vehicle insurance because you park your car in your own garage: you park boats of 30 feet and up in a marina that will be keeping an eye on the insurance status of the vessel. Thirty feet is too long. It should be 25 feet so as to catch all the boats that are not usually trailered.

CON: The insurance industry does not want people to buy insurance who really do not want it. Liability insurance protects your assets, not others'. People without assets just won't buy insurance, mandated or not. They won't do what it takes to bring their boats up to insurable standards.

Persons Testifying: PRO: Charla Skaggs, Washington Public Ports Association; Larry Crockett, Port of Port Townsend; Dean Shawnessy, Port of Everett; Ray Schow, Recreational Boating Association of Washington.

CON: Mike Kupphahn, Farmers Insurance.