
SUBSTITUTE HOUSE BILL 1206

State of Washington

60th Legislature

2007 Regular Session

By House Committee on Insurance, Financial Services & Consumer Protection (originally sponsored by Representatives Chase, Kirby, Green, Wallace, Dickerson, Haigh, Ormsby, Darneille, Moeller, Santos and Wood)

READ FIRST TIME 2/28/07.

1 AN ACT Relating to assisting low-income persons to obtain
2 affordable automobile liability insurance; amending RCW 46.29.090,
3 46.29.100, 46.29.390, and 46.29.490; and adding a new section to
4 chapter 48.22 RCW.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 NEW SECTION. **Sec. 1.** A new section is added to chapter 48.22 RCW
7 to read as follows:

8 (1) The legislature finds that low-income persons have difficulty
9 affording the mandatory liability insurance required under chapter
10 46.30 RCW. The legislature intends to enable and encourage these
11 persons to obtain automobile insurance and develop a history of having
12 automobile insurance. The legislature intends to accomplish this by
13 equitably apportioning, among insurers required to participate in an
14 assigned risk plan, coverage for low-income persons.

15 (2)(a) The commissioner shall create an assigned risk plan under
16 RCW 48.22.020 to provide the minimum mandatory automobile liability
17 coverages required under chapter 46.30 RCW to low-income persons.

18 (b) For purposes of this section, "low-income person" means a

1 person in a household with a gross annual household income that does
2 not exceed two hundred percent of the federal poverty level.

3 (c) The policy shall have the minimum limits set forth in RCW
4 46.29.490(2)(b)(ii).

5 (d) Each policy shall have a term of one year. Each policy must be
6 renewable if the policyholder continues to qualify as a low-income
7 person, meets other eligibility requirements, and has made timely
8 premium payments.

9 (e) Each policy shall provide that premiums may be paid in full or
10 in monthly, quarterly, or half-yearly installments at the choice of the
11 policyholder.

12 (f) The policy shall cover the person named in the policy, and to
13 the same extent that insurance is provided to the named insured, any
14 other person using the automobile with permission, express or implied.

15 (g) The plan's policy forms and rates are subject to the approval
16 by the commissioner. Rates shall be sufficient to cover losses and
17 reasonable administrative costs.

18 (h) The commissioner may designate a manager or committee to
19 operate the plan.

20 (3) Any applicant for a low-income policy, any person insured under
21 a low-income policy, and any insurer affected may appeal to the
22 commissioner from any ruling or decision of the manager or committee
23 designated to operate the plan.

24 (4)(a) The commissioner shall adopt the plan of operation by rule.
25 The plan of operation must include eligibility criteria that preclude
26 enrollment by drivers that are an excessive risk due to fraud, accident
27 history, moving violations, or felony or misdemeanor convictions under
28 Title 46 RCW. The eligibility criteria should not look back beyond
29 three years prior to enrollment.

30 (b) The commissioner shall adopt any other rules necessary to
31 implement this section.

32 **Sec. 2.** RCW 46.29.090 and 1980 c 117 s 3 are each amended to read
33 as follows:

34 (1) No policy or bond is effective under RCW 46.29.080 unless
35 issued by an insurance company or surety company authorized to do
36 business in this state, except as provided in subsection (2) of this

1 section, nor unless such policy or bond is subject, if the accident has
2 resulted in bodily injury or death, to a limit, exclusive of interest
3 and costs, of ~~((not less than))~~:

4 (a) For a standard policy, twenty-five thousand dollars because of
5 bodily injury to or death of one person in any one accident and,
6 subject to ~~((said))~~ this limit for one person, ~~((to a limit of not less~~
7 ~~than))~~ fifty thousand dollars because of bodily injury to or death of
8 two or more persons in any one accident, ~~((and if the accident has~~
9 ~~resulted in injury to, or destruction of, property to a limit of not~~
10 ~~less than))~~ and ten thousand dollars because of injury to or
11 destruction of property of others in any one accident.

12 (b) For a low-income policy under section 1 of this act, ten
13 thousand dollars because of bodily injury to or death of one person in
14 any one accident and, subject to this limit for one person, twenty
15 thousand dollars because of bodily injury to or death of two or more
16 persons in any one accident, and three thousand dollars because of
17 injury to or destruction of property of others in any one accident.

18 (2) No policy or bond is effective under RCW 46.29.080 with respect
19 to any vehicle which was not registered in this state or was a vehicle
20 which was registered elsewhere than in this state at the effective date
21 of the policy or bond or the most recent renewal thereof, unless the
22 insurance company or surety company issuing such policy or bond is
23 authorized to do business in this state, or if ~~((said))~~ the company is
24 not authorized to do business in this state, unless it executes a power
25 of attorney authorizing the director of licensing to accept service on
26 its behalf of notice or process in any action upon such policy or bond
27 arising out of such accident.

28 (3) The department may rely upon the accuracy of the information in
29 a required report of an accident as to the existence of insurance or a
30 bond unless and until the department has reason to believe that the
31 information is erroneous.

32 **Sec. 3.** RCW 46.29.100 and 1963 c 169 s 10 are each amended to read
33 as follows:

34 (1) The security required under this chapter shall be in such form
35 and in such amount as the department may require, but in no case in
36 excess of the limits specified in RCW 46.29.090(1)(a) in reference to
37 the acceptable limits of a policy or bond.

1 (2) Every depositor of security shall designate in writing every
2 person in whose name such deposit is made and may at any time change
3 such designation, but any single deposit of security shall be
4 applicable only on behalf of persons required to furnish security
5 because of the same accident.

6 **Sec. 4.** RCW 46.29.390 and 1980 c 117 s 5 are each amended to read
7 as follows:

8 (1) Judgments (~~(herein referred to)~~) are, for the purpose of this
9 chapter only, deemed satisfied for a person with a standard policy
10 under section 1 of this act:

11 (a) When twenty-five thousand dollars has been credited upon any
12 judgment or judgments rendered in excess of that amount because of
13 bodily injury to or death of one person as the result of any one
14 accident; or

15 (b) When, subject to such limit of twenty-five thousand dollars
16 because of bodily injury to or death of one person, the sum of fifty
17 thousand dollars has been credited upon any judgment or judgments
18 rendered in excess of that amount because of bodily injury to or death
19 of two or more persons as the result of any one accident; or

20 (c) When ten thousand dollars has been credited upon any judgment
21 or judgments rendered in excess of that amount because of injury to or
22 destruction of property of others as a result of any one accident.

23 (2) Judgments are, for the purpose of this chapter only, deemed
24 satisfied for a person with a low-income policy under section 1 of this
25 act:

26 (a) When ten thousand dollars has been credited upon any judgment
27 or judgments rendered in excess of that amount because of bodily injury
28 to or death of one person as the result of any one accident; or

29 (b) When, subject to such limit of twenty-five thousand dollars
30 because of bodily injury to or death of one person, the sum of twenty
31 thousand dollars has been credited upon any judgment or judgments
32 rendered in excess of that amount because of bodily injury to or death
33 of two or more persons as the result of any one accident; or

34 (c) When three thousand dollars has been credited upon any judgment
35 or judgments rendered in excess of that amount because of injury to or
36 destruction of property of others as a result of any one accident.

1 (3) Payments made in settlements of any claims because of bodily
2 injury, death, or property damage arising from such accident shall be
3 credited in reduction of the amounts provided for in this section.

4 **Sec. 5.** RCW 46.29.490 and 1980 c 117 s 6 are each amended to read
5 as follows:

6 (1) Certification. A "motor vehicle liability policy" as (~~said~~)
7 the term is used in this chapter means an "owner's policy" or an
8 "operator's policy" of liability insurance, certified as provided in
9 RCW 46.29.460 or 46.29.470 as proof of financial responsibility for the
10 future, and issued, except as otherwise provided in RCW 46.29.470, by
11 an insurance carrier duly authorized to transact business in this
12 state, to or for the benefit of the person named in the policy as
13 insured.

14 (2) Owner's policy. Such owner's policy of liability insurance:

15 (a) Shall designate by explicit description or by appropriate
16 reference all vehicles with respect to which coverage is to be granted
17 by the policy; and

18 (b) Shall insure the person named therein and any other person, as
19 insured, using any such vehicle or vehicles with the express or implied
20 permission of such named insured, against loss from the liability
21 imposed by law for damages arising out of the ownership, maintenance,
22 or use of such vehicle or vehicles within the United States of America
23 or the Dominion of Canada, subject to limits exclusive of interest and
24 costs, with respect to each such vehicle as follows:

25 (i) For a standard policy, twenty-five thousand dollars because of
26 bodily injury to or death of one person in any one accident and,
27 subject to (~~said~~) this limit for one person, fifty thousand dollars
28 because of bodily injury to or death of two or more persons in any one
29 accident, and ten thousand dollars because of injury to or destruction
30 of property of others in any one accident.

31 (ii) For a low-income policy under section 1 of this act, ten
32 thousand dollars because of bodily injury to or death of one person in
33 any one accident and, subject to this limit for one person, twenty
34 thousand dollars because of bodily injury to or death of two or more
35 persons in any one accident, and three thousand dollars because of
36 injury to or destruction of property of others in any one accident.

1 (3) Operator's policy. Such operator's policy of liability
2 insurance shall insure the person named as insured therein against loss
3 from the liability imposed upon him by law for damages arising out of
4 the use by him of any motor vehicle not owned by him, within the same
5 territorial limits and subject to the same limits of liability as are
6 set forth above with respect to an owner's policy of liability
7 insurance.

8 (4) Required statements in policies. Such motor vehicle liability
9 policy shall state the name and address of the named insured, the
10 coverage afforded by the policy, the premium charged therefor, the
11 policy period, and the limits of liability, and shall contain an
12 agreement or be endorsed that insurance is provided under the policy in
13 accordance with the coverage defined in this chapter as respects bodily
14 injury and death or property damage, or both, and is subject to all the
15 provisions of this chapter.

16 (5) Policy need not insure workers' compensation, etc. Such motor
17 vehicle liability policy need not insure any liability under any
18 workers' compensation law nor any liability on account of bodily injury
19 or death of an employee of the insured while engaged in the employment,
20 other than domestic, of the insured, or while engaged in the operation,
21 maintenance, or repair of any such vehicle nor any liability for damage
22 to property owned by, rented to, in charge of, or transported by the
23 insured.

24 (6) Provisions incorporated in policy. Every motor vehicle
25 liability policy is subject to the following provisions which need not
26 be contained therein:

27 (a) The liability of the insurance carrier with respect to the
28 insurance required by this chapter becomes absolute whenever injury or
29 damage covered by said motor vehicle liability policy occurs; said
30 policy may not be canceled or annulled as to such liability by any
31 agreement between the insurance carrier and the insured after the
32 occurrence of the injury or damage; no statement made by the insured or
33 on his behalf and no violation of said policy defeats or voids said
34 policy.

35 (b) The satisfaction by the insured of a judgment for such injury
36 or damage shall not be a condition precedent to the right or duty of
37 the insurance carrier to make payment on account of such injury or
38 damage.

1 (c) The insurance carrier may settle any claim covered by the
2 policy, and if such settlement is made in good faith, the amount
3 thereof is deductible from the limits of liability specified in
4 subdivision (b) of subsection (2) of this section.

5 (d) The policy, the written application therefor, if any, and any
6 rider or endorsement which does not conflict with the provisions of
7 this chapter constitutes the entire contract between the parties.

8 (7) Excess or additional coverage. Any policy which grants the
9 coverage required for a motor vehicle liability policy may also grant
10 any lawful coverage in excess of or in addition to the coverage
11 specified for a motor vehicle liability policy, and such excess or
12 additional coverage is not subject to the provisions of this chapter.
13 With respect to a policy which grants such excess or additional
14 coverage the term "motor vehicle liability policy" applies only to that
15 part of the coverage which is required by this section.

16 (8) Reimbursement provision permitted. Any motor vehicle liability
17 policy may provide that the insured shall reimburse the insurance
18 carrier for any payment the insurance carrier would not have been
19 obligated to make under the terms of the policy except for the
20 provisions of this chapter.

21 (9) Proration of insurance permitted. Any motor vehicle liability
22 policy may provide for the prorating of the insurance thereunder with
23 other valid and collectible insurance.

24 (10) Multiple policies. The requirements for a motor vehicle
25 liability policy may be fulfilled by the policies of one or more
26 insurance carrier which policies together meet such requirements.

27 (11) Binders. Any binder issued pending the issuance of a motor
28 vehicle liability policy is deemed to fulfill the requirements for such
29 a policy.

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