

# SENATE BILL REPORT

## SB 5704

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As of February 20, 2015

**Title:** An act relating to proof of financial responsibility to operate a motor vehicle.

**Brief Description:** Establishing a sampling program to determine proof of financial responsibility to operate a motor vehicle.

**Sponsors:** Senators Billig, Benton, Fain, Liias, Hobbs and Mullet.

**Brief History:**

**Committee Activity:** Financial Institutions & Insurance: 2/18/15.

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### SENATE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

**Staff:** Shani Bauer (786-7468)

**Background:** Persons operating vehicles in Washington are required to carry proof that they are covered by a motor vehicle liability insurance policy, self-insurance, a certificate of deposit, or a liability bond. Insurance companies that issue or renew motor vehicle liability insurance policies must provide the policyholder with an insurance identification card. Proof of financial responsibility must be provided on the request of a law enforcement officer. Failure to provide proof as required is a traffic infraction and subject to penalties. Motorcycle operators are exempt from the requirement of carrying proof of financial responsibility, i.e. insurance ID card, but are not exempt from maintaining the financial responsibility.

Based on the Insurance Research Council, Washington's rate of uninsured motorists has remained at around 16 percent for the past ten years, which is a little higher than the national average. State uninsured rates range from a low of 3.9 percent in Massachusetts to a high of 25.9 percent in Oklahoma.

**Summary of Bill:** The Office of the Insurance Commissioner (OIC) must establish a random sampling program to test up to 3 percent of the population of vehicles to ensure that they carry the appropriate insurance coverage or otherwise meet the financial responsibility requirements for motor vehicles.

OIC must contact up to 3 percent of registered vehicles each year and request that the owner provide proof of financial responsibility. Failure to provide proof within 45 days of the date

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of the request results in a \$50 penalty to be collected before the owner may renew the vehicle registration. Any person who knowingly provides false evidence of financial responsibility is guilty of a misdemeanor.

OIC must collect the penalty and deduct amounts for the cost of administration and collection. Any remaining proceeds must be deposited in the financial responsibility education account.

The financial responsibility education account is created in the custody of the State Treasurer for the purpose of public information campaigns to educate the public regarding financial responsibility requirements. Only the Insurance Commissioner or the Commissioner's designee may authorize expenditures from the account.

**Appropriation:** None.

**Fiscal Note:** Available.

**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: This bill is to start the conversation as to how we can improve Washington's rate of uninsured motorists. Washington has the tenth-highest rate in the nation for uninsured motorists. Legislators often hear complaints from constituents that a person can still get the person's vehicle registered when they do not have insurance. This bill may not be the answer, but perhaps OIC could pull together a stakeholder group to address this issue and how Washington can solve the problem.

OTHER: OIC is more than willing to convene a group to look at this issue and look at options. OIC agrees that this is a recurring issue that has proven difficult to find viable solutions.

**Persons Testifying:** PRO: Senator Billig, prime sponsor.

OTHER: Lonnie Johns-Brown, OIC.