

SENATE BILL REPORT

SB 5107

As of January 18, 2025

Title: An act relating to underinsured motorist coverage for local government employees.

Brief Description: Concerning underinsured motorist coverage for local government employees.

Sponsors: Senators Boehnke and Dozier.

Brief History:

Committee Activity: Local Government: 1/20/25.

Brief Summary of Bill

- Requires local governments to provide underinsured motorist coverage for vehicles owned by the local government and operated or occupied by an officer, employee, or agent of the local government in the course of employment.
- Limits the required coverage to at least \$25,000 per person and \$50,000 per accident.

SENATE COMMITTEE ON LOCAL GOVERNMENT

Staff: Rohan Bhattacharjee (786-7534)

Background: Underinsured Motorist Coverage. Automobile insurance must include coverage for damages resulting from underinsured motor vehicles. An insurer must provide coverage 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. The named insured or spouse may reject, in writing, underinsured coverage for bodily injury or death, or property damage.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

An underinsured motor vehicle is defined as a vehicle with respect to the ownership, maintenance, or use of which the party legally responsible has either no insurance or insufficient coverage to cover the applicable damages the injured person is legally entitled to recover.

Local Government—Authority to Self-Insure. A local government entity may individually self-insure, may join or form a self-insurance program together with other entities, and may jointly purchase insurance or reinsurance with those other entities for property and liability risks, and health and welfare benefits.

For purposes of the underinsured motorist statute, a certificate of self-insurance does not constitute a liability policy, and a self-insurer is not required to carry underinsured motorist coverage.

State and local governments are not liable for injuries suffered by a third-party occupant of a vehicle owned, leased, or rented by the government if, at the time the injuries occurred, the third-party occupant was:

- riding in or on the vehicle with a government employee who had explicitly acknowledged in writing the government's policy on use of such vehicles; and
- not expressly authorized by the government to be an occupant of the vehicle.

Third-party occupants include people riding in a government vehicle who are not government officers, employees, or agents.

Summary of Bill: Local governments must provide underinsured coverage for motor vehicles owned by the local government and operated or occupied by an officer, employee, or agent of the local government in the course of their employment.

The underinsured coverage must provide for the protection of an officer, employee, or agent of the local government who is legally entitled to recover damages from an owner or operator of an underinsured motor vehicle, hit-and-run motor vehicle, or phantom vehicle because of bodily injury, death, or personal property damage suffered by the officer, employee, or agent and resulting from an accident while the officer, employee, or agent was operating or was an occupant in a government-owned motor vehicle in the course of their employment. The underinsured coverage does not apply to third-party occupants of government-owned vehicles.

The coverage required must have limits of at least \$25,000 per person and \$50,000 per accident. The coverage may be provided by contracts or agreements with private carriers, through self-insurance and self-funding, or in any other manner authorized by law.

Appropriation: None.

Fiscal Note: Requested on January 18, 2025.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: The bill takes effect on January 1, 2026.