

HOUSE BILL REPORT

HB 1294

*As Reported By House Committee on:
Financial Institutions & Insurance*

Title: An act relating to mandatory offering of personal injury protection insurance.

Brief Description: Mandating personal injury protection insurance.

Sponsor(s): Representatives R. Meyers, Schmidt, Dellwo, Dorn, Inslee, Padden, Anderson, Paris and Wang.

Brief History:

Reported by House Committee on:
Financial Institutions & Insurance, February 14, 1991,
DPS.

**HOUSE COMMITTEE ON
FINANCIAL INSTITUTIONS & INSURANCE**

Majority Report: *That Substitute House Bill No. 1294 be substituted therefor, and the substitute bill do pass.*
Signed by 11 members: Representatives Dellwo, Chair; Zellinsky, Vice Chair; Broback, Ranking Minority Member; Mielke, Assistant Ranking Minority Member; Anderson; Inslee; R. Johnson; R. Meyers; Schmidt; Scott; and Winsley.

Minority Report: *Do not pass.* Signed by 1 member:
Representative Paris.

Staff: John Conniff (786-7119).

Background: Most automobile insurance companies offer medical coverage, also referred to as personal injury protection (PIP) coverage, as part of a comprehensive auto insurance policy. The insurance commissioner has adopted limited rules setting basic standards for the amount of coverage to be offered by insurers.

Summary of Substitute Bill: Automobile insurance companies must provide a defined amount of personal injury protection coverage to purchasers of auto liability insurance unless the purchaser rejects the coverage in writing.

Substitute Bill Compared to Original Bill: Insurers need not provide personal injury protection coverage for motorcycles; minimum benefit levels are reduced; and the commissioner's authority to establish standards for covering is deleted.

Fiscal Note: Not requested.

Effective Date of Substitute Bill: The bill takes effect January 1, 1992.

Testimony For: (On original bill) Nearly every auto insurance company offers PIP coverage developed in standardized form over 15 years ago and most consumers purchase the coverage. Over the years, consumers have come to expect that PIP coverage benefits and limitations are standard from company to company. However, some companies have begun to modify elements of coverage to the extent that consumers can no longer assume that the coverage they purchase from one company will be the same with another company. By requiring the offering of such coverage and the establishment of minimum standards, consumers will be able to compare rates among companies without having to review every provision of the coverage.

Testimony Against: (On original bill) The insurance commissioner should not be allowed to write PIP coverage for the insurance industry. The insurance industry is a competitive business and many insurers offer better coverage than was originally sold years ago in an effort to attract business. Some companies do not wish to offer the higher benefit levels required and other companies do not wish to sell the coverage at all. The insurance industry should be allowed the freedom to continue to market coverage in accordance with consumer demand, not regulatory dictates.

Witnesses: (On original bill) Hal Hodgins, Washington State Trial Lawyers Assn. (Pro); Scott Jarvis, Office of Insurance Commissioner (Pro); Dan Wolfe, Safeco (Con); Mel Sorensen, National Association of Independent Insurance (Con); Mike Kapphahn, Farmers Insurance (Con); and Basil Badley, American Insurance Association (Con).