

HOUSE BILL REPORT

HB 2860

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

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

Brief Description: Regulating the mandatory offering of personal injury protection insurance.

Sponsor(s): Representative R. Meyers.

Brief History:

Reported by House Committee on:
Financial Institutions & Insurance, February 7, 1992,
DPS.

**HOUSE COMMITTEE ON
FINANCIAL INSTITUTIONS & INSURANCE**

Majority Report: *The substitute bill be substituted therefor and the substitute bill do pass.* Signed by 12 members: Representatives Dellwo, Chair; Zellinsky, Vice Chair; Broback, Ranking Minority Member; Anderson; Dorn; Inslee; R. Johnson; R. Meyers; Paris; Schmidt; Scott; and Winsley.

Minority Report: *Do not pass.* Signed by 1 member: Representative Mielke, Assistant Ranking Minority Member;

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. PIP coverage includes disability, wage loss, and death benefit coverage. The insurance commissioner has adopted limited rules setting basic standards for the amount of coverage to be offered by insurers who market PIP coverage.

Summary of Substitute Bill: Automobile liability insurance companies must provide PIP coverage under non-business auto insurance policies unless the named insured or spouse rejects PIP coverage in writing. Insurers need not provide PIP coverage for motorcycles, for intentional injuries or for other circumstances as provided.

Coverage must extend to reasonable and necessary medical and hospital expenses incurred within three years from the date of the insured's injury up to \$10,000. Funeral expenses must be covered up to \$2,000. Loss of income benefits must be provided up to \$10,000, subject to certain limits. Loss of services benefits must be provided up to \$40 per day and must not exceed a total of \$5,000. Insurers must make higher limits of coverage available.

Insurers and policyholders must adhere to the claim procedures outlined.

An insurer who claims a subrogation right in an award obtained by its policyholder must share the policyholder's attorney costs and court expenses. Such insurer has no right of subrogation if the insured has not been fully compensated.

An insurer may not incorporate any exclusion, condition, or other provision in a policy that limits the PIP benefits required.

Substitute Bill Compared to Original Bill: Required benefit limits are lowered; motorcycles are excluded; and clarifications are made.

Fiscal Note: Not requested.

Effective Date of Substitute Bill: January 1, 1993.

Testimony For: Most insurance companies offer and most consumers purchase PIP coverage. However, without standards that describe PIP coverage, consumers purchasing such coverage may not receive the benefits which they assume are contained in all PIP coverages offered by insurers.

Testimony Against: While most insurers offer PIP coverage, some high risk insurers do not wish to offer PIP. The state should not force all insurers to offer PIP.

Witnesses: (Pro) Scott Jarvis, Office of Insurance Commissioner; Dennis Martin, Washington State Trail Lawyers Association; and (con) Mike Kappahn, Farmers Insurance.