

HOUSE BILL REPORT

HB 1573

*As Reported By House Committee on:
Judiciary*

Title: An act relating to the measure of damages to a motor vehicle.

Brief Description: Establishing the measure of damages for a motor vehicle.

Sponsor(s): Representatives Winsley, Dellwo, Inslee, R. Meyers, Dorn, R. Johnson and Anderson.

Brief History:

Reported by House Committee on:
Judiciary, February 20, 1991, DPS.

**HOUSE COMMITTEE ON
JUDICIARY**

Majority Report: *That Substitute House Bill No. 1573 be substituted therefor, and the substitute bill do pass.*
Signed by 19 members: Representatives Appelwick, Chair; Ludwig, Vice Chair; Padden, Ranking Minority Member; Paris, Assistant Ranking Minority Member; Belcher; Broback; Forner; Hargrove; Inslee; Locke; R. Meyers; Mielke; H. Myers; Riley; Scott; D. Sommers; Tate; Vance; and Wineberry.

Staff: Pat Shelledy (786-7149).

Background: In an action for property damages to a motor vehicle, the determination of damages for repair or replacement is determined by contract, case law, and the Washington Administrative Code's regulations. No statute exists governing the determination of damages in a civil action for property damage to a motor vehicle. Disputes have arisen regarding the type of car an insurance company must provide an insured for temporary use while the insured's car gets repaired or replaced.

Summary of Substitute Bill: In an action for property damage to a motor vehicle the measure of damages is:
(1) the reasonable cost of repair; or (2) the difference between the undamaged vehicle's value and the damaged vehicle's value, whichever is less, plus reasonable damages for loss of the use of the vehicle or the amount reasonably spent on a temporary replacement vehicle at not less than

\$15 per day for the time period in which the repairs can be reasonably completed.

If the cost of repair or replacement exceeds the undamaged vehicle's value, the damages for the loss of use are limited to a reasonable amount for the temporary replacement vehicle until the defendant tenders a reasonable offer.

Substitute Bill Compared to Original Bill: A requirement is added that damages for the replacement vehicle will not be less than \$15 per day for the time period in which repairs can be reasonably completed. If the cost to repair exceeds the value of the undamaged vehicle, the defendant must pay for the temporary vehicle until tender of a reasonable offer, not until tender of full payment of property damage. Stricken is the requirement that the replacement vehicle be of a similar brand and in similar pre-accident condition as the damaged vehicle. The measure of damages is clarified to provide that damages shall be the lesser of the reasonable repair cost or the difference between the undamaged vehicle value and the damaged vehicle's value.

Fiscal Note: Not requested.

Effective Date of Substitute Bill: Ninety days after adjournment of session in which bill is passed.

Testimony For: (Original Bill) Insurance companies will have to provide a temporary replacement vehicle of a quality similar to the insured's vehicle while the damaged vehicle is being repaired or replaced. The bill provides a standard that does not exist now.

Testimony Against: (Original Bill) Determining what kind of vehicle is a similar brand or in similar condition is difficult.

Witnesses: Representative Winsley, Prime Sponsor (in favor of original bill); Michele Radosevich, Washington State Trial Lawyers Association (in favor of original bill); and Michael Kapphahn, Farmer's Insurance Group (con - concerned about difficulty of determining what kind of vehicle is of similar brand and condition).