

SENATE BILL REPORT

SB 5799

AS OF FEBRUARY 28, 1991

Brief Description: Modifying an insurers right to refuse to issue a private passenger liability insurance policy.

SPONSORS: Senators Pelz, Rasmussen, Moore, Vognild and Owen.

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

Staff: Mark Hutson (786-7488)

Hearing Dates: March 1, 1991

BACKGROUND:

On January 1, 1990, the mandatory auto insurance law became effective and has since presented problems with some motorists who have attempted to comply with the law. Some have encountered problems obtaining insurance or insurance at a reasonable cost due to a lack of previous insurance coverage.

Some auto insurance companies will not issue auto liability insurance to a person who has never been insured or to those who have not had an auto insurance policy in the past six months. In addition, some companies will only sell insurance with coverage limits that exceed the limits of coverage required under the mandatory auto insurance law.

An insurer may refuse to renew a policy for any reason so long as a non-renewal does not violate laws prohibiting unfair discrimination.

SUMMARY:

Automobile insurers may not refuse to issue private passenger liability insurance or charge a higher rate to a person based solely on the fact that a person has never had auto insurance or has not purchased or been covered by a policy during a specified time period prior to their application.

Appropriation: none

Revenue: none

Fiscal Note: none requested