

HOUSE BILL REPORT

HB 1733

As Reported By House Committee On:
Financial Institutions & Insurance

Title: An act relating to personal injury protection automobile insurance.

Brief Description: Clarifying personal injury protection automobile insurance coverage.

Sponsors: Representatives Zellinsky, L. Thomas, Benson, DeBolt, Dyer and Pennington.

Brief History:

Committee Activity:

Financial Institutions & Insurance: 2/13/97, 2/27/97 [DPS].

HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 6 members: Representatives L. Thomas, Chairman; Smith, Vice Chairman; Zellinsky, Vice Chairman; Benson; DeBolt and Wensman.

Minority Report: Do not pass. Signed by 5 members: Representatives Wolfe, Ranking Minority Member; Grant, Assistant Ranking Minority Member; Constantine; Keiser and Sullivan.

Staff: Charlie Gavigan (786-7340).

Background: Personal Injury Protection (PIP) is a type of automobile insurance coverage that most drivers have as part of their comprehensive automobile insurance policy. PIP is first party, no-fault coverage that generally includes disability, wage loss, and death benefit coverage. Under a 1993 law, automobile liability insurance companies must provide PIP coverage under nonbusiness auto insurance policies unless the named insured rejects PIP coverage in writing. Insurers need not provide PIP coverage for motor homes or motorcycles.

Minimum PIP benefits must extend to reasonable and necessary medical and hospital expenses up to \$10,000 incurred within three years from the date of the insured's injury. 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, not exceeding a total of \$5,000. Insurers must

offer higher limits for some benefits as provided in statute when requested by the insured.

Automobile insurance tends to be written per vehicle; if a person has more than one vehicle, each vehicle has separate coverage.

Summary of Substitute Bill: For policies issued or renewed after the effective date of this act, when an insured person has personal injury protection (PIP) insurance on more than one vehicle, and the insured person's PIP coverage applies to an accident not involving any of the insured person's vehicles, only one of the insured person's PIP coverages applies. If there are different limits of coverage, the policy with the highest limit applies. Requiring that only one of the policyholder's multiple PIP coverages applies to an accident does not preclude other people's PIP coverage from applying, or other types of insurance from applying. Insurance companies must notify affected policyholders of the changes made by this bill.

Substitute Bill Compared to Original Bill: The substitute bill clarifies that applying only one of the policyholder's multiple PIP coverages to an accident does not preclude other people's PIP coverage from applying, or other types of insurance from applying, clarifies that this bill is prospective only, and requires insurance companies to notify affected policyholders of the changes made by this bill.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: You should not be able to use personal injury protection coverage on more than one vehicle on any one accident.

Testimony Against: This bill eliminates benefits that are paid for by the policyholder. Using multiple personal injury protection coverages generally occurs in cases of very serious injuries.

Testified: Mike Kapphahn, Farmers Insurance (supports); and Larry Shannon and Deborah Nelson-Willis, Washington State Trial Lawyers Association (opposes).