

SENATE BILL REPORT

SB 5815

As Reported By Senate Committee On:
Financial Institutions, Insurance & Housing, February 26, 1997

Title: An act relating to insurer provision of replacement transportation when a claimant's vehicle is totaled.

Brief Description: Requiring replacement transportation when a claimant's vehicle is totaled.

Sponsors: Senators Spanel and Winsley.

Brief History:

Committee Activity: Financial Institutions, Insurance & Housing: 2/20/97, 2/26/97 [DP].

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, INSURANCE & HOUSING

Majority Report: Do pass.

Signed by Senators Winsley, Chair; Benton, Vice Chair; Finkbeiner, Hale, Heavey, Kline and Prentice.

Staff: Catherine Mele (786-7470)

Background: When an insured driver causes a collision, the insurance company of the at-fault driver is responsible to pay for the damages caused to the not-at-fault party's vehicle. If the car is totaled, then the not-at-fault party is due the value of the vehicle destroyed. During the period of settlement the not-at-fault driver may not have transportation, or the at-fault driver's insurance company may provide a rental car.

Concerns have been expressed that some not-at-fault claimants are not being provided with replacement transportation when their vehicles are totaled because of an accident.

Summary of Bill: Insurance companies must make a good faith effort to provide replacement transportation to a third party claimant whose vehicle is a total loss. The benefit is payable from the date of loss and ends within a reasonable period of time. A reasonable period of time is not less than seven days after the company has made a reasonable good faith offer to settle, or when the insured purchases a replacement vehicle, whichever is first.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: If your car is totaled by another driver, the other driver's insurance company should provide you with replacement transportation. Each insurance company has

its own policy about replacement transportation, and adjusters have much leeway. It should be standard from company to company that everyone receives replacement transportation for a reasonable period of time.

Testimony Against: None.

Testified: Senator Spanel, prime sponsor (pro).