

SENATE BILL REPORT

SB 5280

As Reported By Senate Committee On:
Transportation, February 23, 1999

Title: An act relating to proof of financial responsibility or motor vehicle liability insurance.

Brief Description: Meeting financial responsibility requirements for automobiles.

Sponsors: Senators Franklin, Winsley, Wojahn, Kline, Goings, Thibaudeau, Stevens, Rasmussen, Benton, Prentice, Heavey, Gardner, Shin and Oke.

Brief History:

Committee Activity: Transportation: 2/9/99, 2/23/99 [DPS].

SENATE COMMITTEE ON TRANSPORTATION

Majority Report: That Substitute Senate Bill No. 5280 be substituted therefor, and the substitute bill do pass.

Signed by Senators Haugen, Chair; Gardner, Vice Chair; Goings, Vice Chair; Benton, Costa, Eide, Horn, Johnson, Morton, Patterson, Prentice, Sheahan, T. Sheldon and Shin.

Staff: Kelly Simpson (786-7305)

Background: Persons driving vehicles in the state of Washington are required to carry a motor vehicle liability insurance policy, a self-insurance certificate, a certificate of deposit, or proof of coverage from a liability bond.

Insurance companies that issue or renew motor vehicle liability insurance policies must provide the policyholder with an identification card.

Each year the owner of a motor vehicle is required to renew the vehicle license and pay the applicable fees and taxes. Currently, there is no requirement that a vehicle owner offer proof of insurance at the time the vehicle registration is issued or renewed.

Failure to provide proof of insurance when requested to do so by a law enforcement officer creates a presumption that the person does not have insurance. Failure to provide proof of insurance is a traffic infraction subject to penalties set by the Washington Supreme Court.

Summary of Substitute Bill: Effective January 1, 2000, the owner of a vehicle wishing to renew the license of the vehicle must provide proof of motor vehicle liability insurance, a certificate of self-insurance, a certificate of deposit, or proof of coverage under a liability bond.

When the Department of Licensing (DOL) sends a vehicle license renewal notice, it must also notify the applicant of the requirement for proof of financial responsibility. DOL must

also reimburse its agents for the costs of returning renewal applications that are submitted without proof of financial responsibility.

Any person who knowingly provides false evidence of financial responsibility to the Department of Licensing on an application for a vehicle license is guilty of a misdemeanor.

Substitute Bill Compared to Original Bill: The requirement for proof of financial responsibility applies just to renewals, and not to the initial issuance of a vehicle license. The following language was removed: (1) the requirement of insurance companies to issue new identification cards every three months; (2) impoundment authority for failure to provide proof of financial responsibility; and (3) authority to suspend driver's licenses for failure to provide proof of financial responsibility. Finally, DOL notification and reimbursement requirements were added.

Appropriation: None.

Fiscal Note: Requested on February 3, 1999.

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

Testimony For: This bill would close a loophole by requiring drivers to actually prove they are meeting financial responsibility requirements for automobiles.

Testimony Against: None.

Testified: PRO: Senator Franklin, prime sponsor; Jim Boldt, WA State Auto Dealer's Assn.; Jean Leonard, State Farm Insurance, Alliance of American Insurers.