

SENATE BILL REPORT

SB 6636

As of February 2, 2000

Title: An act relating to mandatory vehicle liability insurance.

Brief Description: Requiring assigned risk plans to provide automobile insurance for low-income persons.

Sponsors: Senators Costa, Prentice and Kohl-Welles.

Brief History:

Committee Activity: Commerce, Trade, Housing & Financial Institutions: 2/3/2000.

SENATE COMMITTEE ON COMMERCE, TRADE, HOUSING & FINANCIAL INSTITUTIONS

Staff: Susan Jones (786-7784)

Background: The Legislature has recognized that uninsured drivers are a threat to the people of this state. In order to alleviate the threat, the law requires that all persons driving vehicles registered in this state must be insured under a motor vehicle liability policy with certain minimum limits or maintain certain other financial security. Concern has been expressed that low-income persons may not have the financial ability to purchase the mandatory motor vehicle insurance.

Failure to provide proof of motor vehicle insurance is a traffic infraction and is subject to a fine. If a person was cited for failure to have proof of insurance and the person appears in court with written evidence that he or she was in compliance with the financial responsibilities requirements at the time of the citation, the citation will be dismissed.

Each authorized Washington insurer, except title insurers, are required to pay a premium tax of two percent on all insurance premiums.

Summary of Bill: The Insurance Commissioner, in consultation with Washington insurers, must establish an assigned risk plan to assist low-income persons to obtain the mandatory minimum motor vehicle insurance. Under the plan, the insurance is provided to very low-income persons without cost and requires a contribution by low-income persons. The plan consists of all Washington motor vehicle insurers. The plan must take into account certain factors including the person's income, good driving record, lack of access to public transit, and transportation needs. The plan expires on June 30, 2005.

One and one-half percent from the premium tax is deposited in a new account called the mandatory vehicle liability insurance assistance account. The deposits of the premium tax cease on December 31, 2004. Moneys in the account may be spent only after appropriation. Expenditures from the account may only be used for the assigned risk plan.

If a person cited for failure to provide proof of insurance appears in court within 30 days of the citation with written evidence of having obtain the mandatory minimum motor vehicle insurance, the citation may be dismissed.

Appropriation: \$1,300,000.

Fiscal Note: Requested on January 28, 2000.

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