

# FINAL BILL REPORT

## SHB 1257

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Synopsis as Enacted

**Brief Description:** Providing an opportunity to reject motorcycle or motor-driven cycle insurance coverage.

**Sponsors:** By House Committee on Financial Institutions & Insurance (originally sponsored by Representatives Roach, Kirby, Newhouse, Simpson, Holmquist, Haler, Upthegrove, O'Brien and Nixon).

**House Committee on Financial Institutions & Insurance**  
**Senate Committee on Financial Institutions, Housing & Consumer Protection**

### **Background:**

#### Definition of Underinsured Motor Vehicle.

An "underinsured motor vehicle" is defined as a vehicle in which the party legally responsible (by virtue of ownership, maintenance, or use) for the bodily injury or property damage has either no insurance coverage or insufficient coverage to cover the full amount of the damage costs to which the injured party is legally entitled.

#### Requirements for Automobile Coverage.

Automobile insurance must include coverage for damages resulting from underinsured motor vehicles. An insurer must include protection for insureds who are legally entitled to recover damages for bodily injury, death, or property damage from owners or operators of underinsured motor vehicles, hit-and-run motor vehicles, and phantom vehicles.

#### Waiver of Underinsured Coverage.

An insured or his or her spouse may reject underinsured coverage for bodily injury, death, or property damage. The rejection must be in writing. The rejection requirement applies only to original issuance of policies and not to renewal or replacement policies.

#### Exemptions from the Coverage Offering.

The underinsured coverage requirement does not apply to operating a motorcycle or motor-driven cycle, although some insurers elect to offer it. The coverage requirement also does not apply to general liability policies or other policies acting as excess to the insurance directly applicable to the vehicle insured.

### **Summary:**

An insurer who elects to write motorcycle or motor-driven cycle insurance must provide named insureds an opportunity to reject underinsured coverage in writing. An insurer is only required to provide the opportunity to named insureds who have purchased liability insurance.

**Votes on Final Passage:**

House 97 0

House 98 0

Senate 41 4 (Senate amended)

House 97 0 (House concurred)

**Effective:** June 7, 2006