

SENATE BILL REPORT

HB 1716

As of April 4, 2005

Title: An act relating to underinsured motorist property damage waivers.

Brief Description: Waiving certain underinsured motorist property damage coverage.

Sponsors: Representatives Roach and Kirby.

Brief History: Passed House: 3/08/05, 96-1.

Committee Activity: Financial Institutions, Housing & Consumer Protection: 3/31/05.

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, HOUSING & CONSUMER PROTECTION

Staff: Jennifer Arnold (786-7471)

Background: 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.

In general, there is a statutory requirement to obtain insurance for bodily injury, death, or property damage caused by underinsured motor vehicles, hit-and-run vehicles, and phantom vehicles. Usually, the amount of coverage must be in the same amount as the insured's third party liability coverage. This insurance must be obtained at the time a new policy is purchased, *unless* the insured, or the insured's spouse, opts in writing to not accept underinsured insurance upon the initial purchase of the policy.

The requirement that underinsured insurance must be rejected in writing is not applicable in three primary instances: (1) policies for motorcycles or motor-driven cycles; (2) umbrella policies; or (3) any other policies that serve solely as excess to the policy covering the insured vehicle.

Summary of Bill: A written rejection of underinsured motor vehicle insurance is not required when a named insured or spouse chooses a coverage amount less than the third party liability coverage for property damage.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

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

Testimony For: This is essentially a technical amendment that clarifies the intent of the statute.

Testimony Against: None.

Other: There needs to be an amendment that provides that motorcyclists will be treated in the same way as other motorists and therefore, also be required to sign a written waiver when rejecting underinsured insurance; it is a matter of fairness.

Who Testified: PRO: Mike Kappahn, Farmers Insurance. OTHER: Ian King, Washington Road Riders Association.