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SENATE BILL 5708

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State of Washington

61st Legislature

2009 Regular Session

By Senators Eide, Franklin, and Kline

Read first time 01/29/09. Referred to Committee on Financial Institutions, Housing & Insurance.

1 AN ACT Relating to a pay-as-you-drive motor vehicle insurance  
2 product; amending RCW 46.29.490; and creating a new section.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 NEW SECTION. **Sec. 1.** The legislature finds that:

5 (1) Recent increases in gasoline prices have inflated the costs of  
6 transportation, requiring Washington families to spend more of their  
7 income on transportation and further stretching families' limited  
8 budgets;

9 (2) Consistent with chapter 348, Laws of 2007, climate change, due  
10 in part to vehicles emitting greenhouse gases, is expected to have  
11 significant impacts in the Pacific Northwest region in the near and  
12 long-term future, including: Increased temperatures; declining  
13 snowpack; more frequent heavy rainfall and flooding; receding glaciers;  
14 rising sea levels; increased risks to public health due to insect and  
15 rodent-borne diseases; declining salmon populations; and increased  
16 drought and risk of forest fires;

17 (3) Consistent with chapter 14, Laws of 2008, the state intends to  
18 take steps to limit and reduce emissions of greenhouse gas and reduce  
19 emissions at the lowest cost to Washington's economy;

1 (4) A reduction in the average vehicle miles traveled per  
2 Washington motorist may lead to a substantive reduction in greenhouse  
3 gas emissions;

4 (5) Providing insurance-based incentives to motorists to drive less  
5 may reduce overall vehicle miles traveled;

6 (6) Current state automotive insurance rates do not reflect the  
7 miles that motorists drive;

8 (7) According to the United States environmental protection agency,  
9 once an individual purchases a car, roughly eighty-eight percent of his  
10 or her transportation costs remain much the same on a monthly basis  
11 regardless of how much or how little he or she drives;

12 (8) The increase in traffic density from a typical additional  
13 driver increases total statewide insurance costs of other drivers;

14 (9) Implementing new programs that offer insurance on a mileage  
15 basis may effectively reduce vehicle miles traveled and help the state  
16 achieve its goals to reduce gas emissions;

17 (10) Verifying miles driven ensures insurance rates that more  
18 accurately reflect vehicle miles traveled and provides incentives for  
19 Washington drivers to reduce driving and emissions; and

20 (11) Verifying miles driven will better enable insurance companies  
21 to charge accurate rates based on actual miles driven.

22 **Sec. 2.** RCW 46.29.490 and 1980 c 117 s 6 are each amended to read  
23 as follows:

24 (1) Certification. A "motor vehicle liability policy" as said term  
25 is used in this chapter means an "owner's policy" or an "operator's  
26 policy" of liability insurance, certified as provided in RCW 46.29.460  
27 or 46.29.470 as proof of financial responsibility for the future, and  
28 issued, except as otherwise provided in RCW 46.29.470, by an insurance  
29 carrier duly authorized to transact business in this state, to or for  
30 the benefit of the person named in the policy as insured.

31 (2) Owner's policy. Such owner's policy of liability insurance:

32 (a) Shall designate by explicit description or by appropriate  
33 reference all vehicles with respect to which coverage is to be granted  
34 by the policy; and

35 (b) Shall insure the person named therein and any other person, as  
36 insured, using any such vehicle or vehicles with the express or implied  
37 permission of such named insured, against loss from the liability

1 imposed by law for damages arising out of the ownership, maintenance,  
2 or use of such vehicle or vehicles within the United States of America  
3 or the Dominion of Canada, subject to limits exclusive of interest and  
4 costs, with respect to each such vehicle as follows: Twenty-five  
5 thousand dollars because of bodily injury to or death of one person in  
6 any one accident and, subject to said limit for one person, fifty  
7 thousand dollars because of bodily injury to or death of two or more  
8 persons in any one accident, and ten thousand dollars because of injury  
9 to or destruction of property of others in any one accident.

10 (3) Operator's policy. Such operator's policy of liability  
11 insurance shall insure the person named as insured therein against loss  
12 from the liability imposed upon him by law for damages arising out of  
13 the use by him of any motor vehicle not owned by him, within the same  
14 territorial limits and subject to the same limits of liability as are  
15 set forth above with respect to an owner's policy of liability  
16 insurance.

17 (4) Required statements in policies. Such motor vehicle liability  
18 policy shall state the name and address of the named insured, the  
19 coverage afforded by the policy, the premium charged therefor, the  
20 policy period, and the limits of liability, and shall contain an  
21 agreement or be endorsed that insurance is provided under the policy in  
22 accordance with the coverage defined in this chapter as respects bodily  
23 injury and death or property damage, or both, and is subject to all the  
24 provisions of this chapter.

25 (5) Policy need not insure workers' compensation, etc. Such motor  
26 vehicle liability policy need not insure any liability under any  
27 workers' compensation law nor any liability on account of bodily injury  
28 or death of an employee of the insured while engaged in the employment,  
29 other than domestic, of the insured, or while engaged in the operation,  
30 maintenance, or repair of any such vehicle nor any liability for damage  
31 to property owned by, rented to, in charge of, or transported by the  
32 insured.

33 (6) Provisions incorporated in policy. Every motor vehicle  
34 liability policy is subject to the following provisions which need not  
35 be contained therein:

36 (a) The liability of the insurance carrier with respect to the  
37 insurance required by this chapter becomes absolute whenever injury or  
38 damage covered by said motor vehicle liability policy occurs; said

1 policy may not be canceled or annulled as to such liability by any  
2 agreement between the insurance carrier and the insured after the  
3 occurrence of the injury or damage; no statement made by the insured or  
4 on his behalf and no violation of said policy defeats or voids said  
5 policy.

6 (b) The satisfaction by the insured of a judgment for such injury  
7 or damage shall not be a condition precedent to the right or duty of  
8 the insurance carrier to make payment on account of such injury or  
9 damage.

10 (c) The insurance carrier may settle any claim covered by the  
11 policy, and if such settlement is made in good faith, the amount  
12 thereof is deductible from the limits of liability specified in  
13 subdivision (b) of subsection (2) of this section.

14 (d) The policy, the written application therefor, if any, and any  
15 rider or endorsement which does not conflict with the provisions of  
16 this chapter constitutes the entire contract between the parties.

17 (7) Mileage-based coverage. Any policy that grants the coverage  
18 required for a motor vehicle liability policy may also grant lawful  
19 coverage based on mileage-based factors. A mileage-based motor vehicle  
20 liability policy must be approved by the insurance commissioner.

21 (8) Excess or additional coverage. Any policy which grants the  
22 coverage required for a motor vehicle liability policy may also grant  
23 any lawful coverage in excess of or in addition to the coverage  
24 specified for a motor vehicle liability policy, and such excess or  
25 additional coverage is not subject to the provisions of this chapter.  
26 With respect to a policy which grants such excess or additional  
27 coverage the term "motor vehicle liability policy" applies only to that  
28 part of the coverage which is required by this section.

29 ((+8)) (9) Reimbursement provision permitted. Any motor vehicle  
30 liability policy may provide that the insured shall reimburse the  
31 insurance carrier for any payment the insurance carrier would not have  
32 been obligated to make under the terms of the policy except for the  
33 provisions of this chapter.

34 ((+9)) (10) Proration of insurance permitted. Any motor vehicle  
35 liability policy may provide for the prorating of the insurance  
36 thereunder with other valid and collectible insurance.

37 ((+10)) (11) Multiple policies. The requirements for a motor

1 vehicle liability policy may be fulfilled by the policies of one or  
2 more insurance carrier which policies together meet such requirements.  
3 ((+11+)) (12) Binders. Any binder issued pending the issuance of  
4 a motor vehicle liability policy is deemed to fulfill the requirements  
5 for such a policy.

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