

SENATE BILL REPORT

SB 5730

As of February 14, 2011

Title: An act relating to mileage-based automobile insurance.

Brief Description: Authorizing mileage-based automobile insurance.

Sponsors: Senator Rockefeller.

Brief History:

Committee Activity: Financial Institutions, Housing & Insurance: 2/15/11.

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, HOUSING & INSURANCE

Staff: Edward Redmond (786-7471)

Background: The Insurance Commissioner (Commissioner) regulates insurance in Washington, including motor vehicle liability insurance. This oversight includes regulation of rates, forms, financial conditions, claims practices, and other issues related to the business of insurance.

All drivers of vehicles registered in Washington State must be insured under an insurance liability policy, a liability bond, a certificate of deposit, or be self-insured. In determining rates, motor vehicle insurance companies must give consideration to the impacts of safety and anti-theft devices. Insurance companies are required to file their rate plans with the Commissioner, and these rate plans must not be excessive, inadequate, or unfairly discriminatory.

Presently, no provisions exist in the motor vehicle liability code specifically addressing mileage based liability insurance products.

Summary of Bill: The Commissioner is authorized to adopt rules establishing standards for mileage-based premium structures, which insurers may use to develop mileage-based insurance policies. The rules must allow for various pricing structures such as rates based on a per-mile factor or increments of mileage driven. Insurers are authorized to provide policies that offer both mileage-based terms as well as a low-mileage discount. Any insurer that does not offer a mileage-based policy by July 1, 2012, must submit for approval to the Commissioner a discount for all liability policies driven less than 5000 miles per year. The

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Commissioner must approve the discount if it is substantial and meets other applicable standards.

The Commissioner, in consultation with the Department of Transportation, is authorized to develop and implement a mileage-based insurance demonstration project. The Commissioner is encouraged to work with the insurance industry and various organizations in developing the demonstration project. The Commissioner must also explore nonstate funding opportunities for the demonstration project.

The Commissioner must report to the Legislature by December 31, 2014, regarding various aspects of the mileage-based insurance policies including recommendations for improvement.

Appropriation: None.

Fiscal Note: Requested on February 13, 2011.

Committee/Commission/Task Force Created: No.

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