

SENATE BILL REPORT

SB 5468

As of February 11, 2005

Title: An act relating to insurance requirements for motorcycles, motor-driven cycles, and mopeds.

Brief Description: Creating insurance requirements for motorcycles, motor-driven cycles, and mopeds.

Sponsors: Senator Fairley.

Brief History:

Committee Activity: Financial Institutions, Housing & Consumer Protection: 2/10/05.

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, HOUSING & CONSUMER PROTECTION

Staff: Jennifer Arnold (786-7471)

Background: Automobile liability insurance covers bodily injury and damage to property that a driver causes to others while operating his or her car. In Washington, drivers operating motor vehicles on state highways must have an insurance liability policy, a liability bond, a certificate of deposit of \$60,000, or in the event the driver owns a fleet of more than 25 vehicles, the driver may be self-insured. The liability coverage must be at least for the amounts required under the financial responsibility statutes.

All drivers that are required to have automobile liability coverage are also required to obtain an insurance identification card, indicating that either the vehicle or the driver is insured. Failure to present an insurance identification card, upon request by a law enforcement officer, creates a presumption of no insurance and is a traffic infraction.

The mandatory automobile insurance law does not apply to: (1) specially licensed "collectors' vehicles" that are at least 30-plus years old and are driven only at certain events; (2) publicly-owned vehicles; (3) vehicles registered with the Washington Utilities Transportation and Utilities Commission as common or contract carriers; (4) motorcycles; (5) motor-driven cycles; and (6) mopeds.

The financial responsibility statutes provide, in general, that the driver and owner of any vehicle subject to registration in this state must meet minimum financial requirements and establish proof of financial responsibility for the future. There is no exception from these requirements for motorcycles, motor-driven cycles, and mopeds. Financial responsibility can be met by a security deposit, liability policy, bond, or in the case of owners of more than 25 vehicles, by self-insurance. The minimum financial responsibility levels are \$25,000 for bodily injury or death to another person, \$50,000 per accident for bodily injury and death to others, and \$10,000 for physical damage to another's property.

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.

Underinsured motorist coverage must be obtained upon the purchase or renewal of a policy, unless the insured opts in writing at the time of the initial purchase to not accept such coverage. In contrast to other motor vehicles, insurers are not required to offer the drivers of motorcycles and motor-driven cycles underinsured motorist coverage when such drivers are purchasing a new policy. However, if an insurer elects to provide this coverage, they must provide motorcycle or motor-driven cycle drivers with information on underinsured coverage.

Summary of Bill: Motorcycles, motor-driven cycles, and mopeds are not exempt from the mandatory liability insurance requirements. Therefore, although the financial responsibility requirements remain the same, drivers of such vehicles are required to obtain an insurance identification card.

Upon the purchase of a new policy, motorcyclists and motor-driven cyclists must be offered, in the same manner as all other drivers, the option of underinsured motorist coverage.

If an insurer, licensed in Washington, provides motor vehicle liability policies, that insurer must also offer such coverage to motorcycles, motor-driven cycles, and mopeds.

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: None.

Testimony Against: Insurance companies opposed requiring motorcyclists to have liability insurance when first mandated in 1989 and continue to oppose the requirement today because they do not cause a lot of damage to others. Further, many have very cheap vehicles and can't afford the cost of insurance. Mandatory insurance laws do not work; no matter how cheap insurance is, many opt not to be insured. Currently, 12 to 18 percent of all vehicles required to be insured in this state are operated without insurance.

Who Testified: CON: Mike Kappahn, Farmers Insurance; Larry Walker, Washington Road Riders Association; Jean Leonard, State Farm Washington Insurance.