

## **HB 4008 -1 STAFF MEASURE SUMMARY**

### **House Committee On Business and Labor**

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**Meeting Dates:** 2/5

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#### **WHAT THE MEASURE DOES:**

Allows motor vehicle liability insurance policy to exclude from coverage any person who is not disclosed by policyholder within 45 days of the person becoming a household resident or when they became licensed or eligible to drive, whichever occurred later.

**REVENUE:** May have revenue impact, but no statement yet issued.

**FISCAL:** May have fiscal impact, but no statement yet issued.

#### **ISSUES DISCUSSED:**

#### **EFFECT OF AMENDMENT:**

-1 Allows insurer to require signed written statement from policyholder listing drivers only prior to issuing a policy, not upon renewal. Clarifies that Department of Consumer Services may prescribe form and content of this statement as well as notice sent to policyholder upon renewal.

#### **BACKGROUND:**

Current law allows a motor vehicle liability insurance policy to exclude by name any person other than the named insured based on the person's driving record or for any reason established by rule by the Department of Consumer and Business Services. Every policy must provide the same liability coverage for each family member residing in the same household as the policyholder. Coverage is also extended to people who do not reside in the household and do not have regular access to the policyholder's vehicle, such as a neighbor or out-of-town houseguest.

Representatives of the insurance industry have noted that some policyholders do not notify the insurer when a household member begins driving the policyholder's vehicle on a regular basis. The household member may be a family member, significant other, roommate, or other person with regular access to the vehicle. When the additional driver is not disclosed to the insurer, the premium paid by the policyholder is lower than it otherwise would be. Claims must be paid by the insurer if the undisclosed driver is a family member residing in the household. The insurance industry states that policyholders who fully disclose the names of drivers subsidize those who do not.

House Bill 4008 allows unnamed persons to be excluded from the policy if the policyholder did not disclose them as a possible driver within 45 days of the person becoming a household resident or when they became eligible or licensed to drive, whichever occurs later. The measure allows the insurer, before issuing a policy, to require the policyholder to submit a signed written statement that lists each driver who resides in the home and who the policyholder intends to have coverage under the policy.