

FINAL BILL REPORT

SB 6292

C 98 L 96

Synopsis as Enacted

Brief Description: Defining member insurers and who they cover.

Sponsors: Senators Prentice, Sellar, Fraser and Quigley; by request of Insurance Commissioner.

Senate Committee on Financial Institutions & Housing

Background: The Legislature created the Washington Life and Disability Insurance Guarantee Association (WLDIGA) in 1971. WLDIGA protects policyholders in the event that life and disability insurers become insolvent. WLDIGA raises funds to protect policyholders by assessing member insurance companies after an insolvency occurs. Member companies are assessed based on their percentage of premiums received in Washington, up to a maximum of 2 percent of premiums. In order to conduct business in Washington State, life and disability insurers must be members of WLDIGA.

The issue has been raised that WLDIGA fails to provide policyholders coverage in certain cases. For example, a Washington consumer purchases a policy from a Washington domiciled insurer and then moves to another state where the insurer does not conduct business. As a resident of another state, the consumer is not protected by WLDIGA. The National Association of Insurance Commissioners has recommended, as a standard of state accreditation, that each state require its life and disability guarantee association to extend the coverage to policyholders who have changed residence.

Summary: A Washington resident who purchases a life, health, or annuity policy from a Washington domiciled life or disability insurer and then moves is granted coverage by WLDIGA, even if the insurer does not conduct business in the state where the person currently resides.

Votes on Final Passage:

Senate	46 0
House	97 0

Effective: June 6, 1996