

SENATE BILL REPORT

SB 6309

As of January 15, 1996

Title: An act relating to insurance coverage for hazardous waste cleanups.

Brief Description: Giving a third party a direct cause of action against an insurer under certain circumstances.

Sponsors: Senators Prentice, Winsley, Franklin, Swecker, Schow, Sheldon, Rasmussen, Bauer, Fraser, Oke and Fairley.

Brief History:

Committee Activity: Financial Institutions & Housing: 1/16/96.

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS & HOUSING

Staff: Katie Healy (786-7403)

Background: Insurance policies are contracts negotiated between the insured and the insurer. The insured buys insurance to protect itself against certain risks. If a release of a hazardous substance occurs, a third party may sue a property owner, who has purchased insurance to protect itself against such situations.

Concern has been expressed that the present method of seeking reimbursement for injury caused by a release of hazardous substances is too expensive.

Summary of Bill: A new cause of action is created allowing a third party to sue an insured's insurer directly, bypassing the contractual arrangement between the insurer and the actual policy holder. This affects those insurers who provide liability coverage for bodily injury or property damage caused by a release of hazardous substances.

Appropriation: None.

Fiscal Note: Not requested.

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