

SENATE BILL REPORT

SB 5669

As Reported by Senate Committee On:
Financial Institutions, Housing & Insurance, February 10, 2009

Title: An act relating to granting the insurance commissioner certain authority when the governor declares a state of emergency.

Brief Description: Granting the insurance commissioner certain authority when the governor declares a state of emergency.

Sponsors: Senator Berkey; by request of Insurance Commissioner.

Brief History:

Committee Activity: Financial Institutions, Housing & Insurance: 2/03/09, 2/10/09 [DP].

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, HOUSING & INSURANCE

Majority Report: Do pass.

Signed by Senators Berkey, Chair; Hobbs, Vice Chair; Benton, Ranking Minority Member; Franklin, McDermott, Parlette and Schoesler.

Staff: Diane Smith (786-7410)

Background: The Governor has the authority to proclaim a state of emergency in the area of the state affected by a riot, energy emergency, public disorder, or disaster. Other than prohibiting specific activities that may be undertaken by the general public, the Governor's emergency powers include prohibiting activities that the Governor believes should be prohibited to help preserve and maintain life, health, property, or the public peace.

The Governor has authority to waive or suspend statutory obligations or limitations for certain, limited executive functions during and in the areas affected by a proclamation of emergency. These statutory obligations or limitations do not include any within the jurisdiction of the Office of Insurance Commissioner (OIC).

OIC has the authority to immediately change the way it administers the insurance code, within statutory intent, by issuing an emergency rule as provided in the Administrative Procedure Act (APA). An emergency rule is effective upon filing with the code reviser and expires after 120 days. There is no provision for petitioning the Governor for immediate repeal of an emergency rule adopted by the OIC.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Summary of Bill: OIC has the authority to issue an order addressing four matters related to insurance policies issued in this state when the Governor declares a state of emergency. Those four matters are reporting requirements for claims; grace periods; postponement of cancellations and renewals; and medical coverage to ensure access to care.

OIC's order must state by line of insurance the specific geographic area to which it applies and the date the order begins and the date the order ends. The order's maximum duration is 30 days, as is the maximum duration of any extension. There is no limitation on the number of extensions that OIC may order.

OIC has rule-making authority to establish criteria for its orders and may adopt emergency rules for specific proclamations of a state of emergency by the Governor. This rule-making authority does not limit or affect the rule making authority otherwise granted by law to OIC.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

Effective Date: The bill contains an emergency clause and takes effect immediately.

Staff Summary of Public Testimony: PRO: During the flooding disaster of December 2007, OIC found that clarity was needed for its authority to allow certain statutory requirements to not be insisted upon.

Persons Testifying: PRO: Drew Bouton, OIC.