

HOUSE BILL REPORT

HB 1661

As Reported by House Committee On:
Financial Institutions & Insurance

Title: An act relating to juvenile life insurance.

Brief Description: Regulating juvenile life insurance.

Sponsors: Representatives Keiser, Bush, Santos and Miloscia.

Brief History:

Committee Activity:

Financial Institutions & Insurance: 2/14/01, 2/16/01 [DPS].

Brief Summary of Substitute Bill

- Insurers are required to develop a set of industry practices in order to combat fraud with respect to the purchase of life insurance on juveniles.
- Insurers must keep records of rejected juvenile life insurance applications for 10 years.

HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 10 members: Representatives Benson, Republican Co-Chair; Hatfield, Democratic Co-Chair; Bush, Republican Vice Chair; McIntire, Democratic Vice Chair; Cairnes, Keiser, Miloscia, Roach, Santos and Simpson.

Staff: Thamas Osborn (786-7129).

Background:

The Legislature has explicitly recognized the insurance industry as being one that is "affected by the public interest,– and thus insurers are subject to stringent regulatory oversight by the Office of the Insurance Commissioner. The commissioner regulates the corporate activities of insurers and oversees the provision of insurance services to consumers.

The issuance of life insurance policies is regulated under state law. Current law allows for the purchase of life insurance with respect to juveniles and is not subject to any statutory regulation or restriction specific to insuring juveniles.

Summary of Substitute Bill:

Life insurers are required to develop standards and practices that serve to prevent the purchase of life insurance on juveniles where the purchase is done for fraudulent or speculative purposes. Insurers are required to submit the standards and practices to the commissioner for his review.

Insurers are also required to maintain for 10 years, all records of juvenile life insurance applications that are rejected.

Substitute Bill Compared to Original Bill:

The substitute bill requires life insurers to maintain records regarding rejection of life insurance applications on juveniles for 10 years rather than 25 years.

Appropriation: None.

Fiscal Note: None.

Effective Date of Substitute Bill: The bill takes effect on August 1, 2001.

Testimony For: Many life insurers already have procedures to limit having an inappropriately large policy on the life of a child. While keeping records of rejected applications can help in criminal investigations, they should have to be kept for 10 years instead of 25 years.

Testimony Against: None.

Testified: (In support) Basil Badley, American Council of Life Insurers.