
Financial Institutions & Insurance Committee

SSB 6234

Brief Description: Requiring a date certain for the payment of insurance premiums.

Sponsors: Senate Committee on Labor, Commerce & Financial Institutions (originally sponsored by Senators Winsley, Prentice, Regala, Hochstatter, Honeyford, Benton, Rasmussen, Gardner, Deccio, Roach, Morton, Franklin and Hewitt).

Brief Summary of Substitute Bill

- Requires that automobile insurance policies specify the date on which the premium is due and that such policies allow for a five day grace period before any late charges will be assessed.
- Requires that policies with 30-day premium payment schedules be changed so as to provide for the payment of the premium on a date certain.

Hearing Date: 2/27/02

Staff: Thamas Osborn (786-7129).

Background:

The state Insurance Commissioner (commissioner) regulates the form and content of property and casualty insurance contracts. The insurance code specifies the categories of information that must be contained in an insurance contract, including the type of risk that is being insured against, the amount of the premium, the starting date of the insurance coverage, and the period during which the insurance is to continue.

Currently, state law does not require that an insurance contract explicitly state the date on which a premium payment is due, nor does it address the issue of grace periods or late charges.

Summary of Bill:

Private passenger automobile insurance policies must state a date certain on which the

premium is due. Such policies must also contain a provision allowing for a five day grace period following the due date of the premium, during which the insured will not be charged any late fees.

One day after the effective date of the act, all private passenger automobile insurance policies with 30-day premium payment schedules must be changed so as to provide for the payment of the premium on a date certain.

The commissioner is granted the authority to adopt the rules necessary to implement the act.

Appropriation: None.

Fiscal Note: Not Requested.

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