

SENATE BILL REPORT

SHB 1661

As Reported By Senate Committee On:
Labor, Commerce & Financial Institutions, March 20, 2001

Title: An act relating to juvenile life insurance.

Brief Description: Regulating juvenile life insurance.

Sponsors: By House Committee on Financial Institutions & Insurance (originally sponsored by Representatives Keiser, Bush, Santos and Miloscia).

Brief History:

Committee Activity: Labor, Commerce & Financial Institutions: 3/19/01, 3/20/01 [DP].

SENATE COMMITTEE ON LABOR, COMMERCE & FINANCIAL INSTITUTIONS

Majority Report: Do pass.

Signed by Senators Prentice, Chair; Gardner, Vice Chair; Deccio, Franklin, Hochstatter, Honeyford, Rasmussen, Regala and Winsley.

Staff: Joanne Conrad (786-7472)

Background: The Office of the Insurance Commissioner contacted 100 life insurance companies to survey their practices with regard to the marketing and underwriting of juvenile insurance policies. In many cases, the average death benefit claimed, upon the death of an insured child, far exceeded the economic losses, such as funeral expenses. Concern exists that, while many well-meaning adults may innocently purchase inappropriate or unnecessary amounts of life insurance on children, some may actually be purchasing the policies with criminal intent. Some news stories indicate that some children are murdered in order to obtain insurance payments.

Summary of Bill: Life insurers must develop and implement underwriting standards and procedures designed to detect and prevent the purchase of juvenile life insurance for speculative or fraudulent purposes, and maintain records of rejected applications for 10 years.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: The 10-year record retention is practical. Life insurers should be able to develop good underwriting standards on their own.

Testimony Against: None.

Testified: Basil Badley, ACLI (pro).