

SENATE BILL REPORT

SB 6526

As Passed Senate, February 13, 2002

Title: An act relating to renewing contracts of insurance that are subject to RCW 48.18.290.

Brief Description: Renewing contracts of insurance that are subject to RCW 48.18.290.

Sponsors: Senators Keiser and Winsley; by request of Insurance Commissioner.

Brief History:

Committee Activity: Labor, Commerce & Financial Institutions: 1/24/02, 1/29/02 [DP].
Passed Senate: 2/13/02, 45-0.

SENATE COMMITTEE ON LABOR, COMMERCE & FINANCIAL INSTITUTIONS

Majority Report: Do pass.

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

Staff: Matthew Adams (786-7784)

Background: Insurers write insurance policies that cover one-time events such as auctions, airline flights, and weddings. Current law requires that all insurance policies be renewable and that insurers send renewal notifications to policyholders. The renewal requirements have created consumer confusion because it is impractical to insure an event that has occurred.

The Insurance Commissioner regulates Washington's insurers. The commissioner has found that the renewal requirements for single-term insurance are unnecessary.

Summary of Bill: The requirement that all insurance policies must be renewable does not apply to single-term insurance policies. The contract of insurance must clearly state that the policy is not renewable and covers a specific type of insurance that is not offered on a renewable basis.

The authority of the Insurance Commissioner is not restricted.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: Current law requires insurers to send renewal notices to consumers who insure a single event. This notification requirement is unnecessary because consumers do not need to renew their single-term insurance policies. The bill improves insurance law and helps to eliminate consumer confusion.

Testimony Against: None.

Testified: Carrie Tellefson, Office of the Insurance Commissioner (pro).