

# HOUSE BILL REPORT

## HB 2816

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### As Reported by House Committee On:

Financial Institutions & Insurance

**Title:** An act relating to cancellation and nonrenewal of medical malpractice liability insurance policies.

**Brief Description:** Regulating medical malpractice liability insurance policies.

**Sponsors:** Representatives Schual-Berke, Benson, Simpson, G., Clibborn, Linville, Morrell, Edwards and Kagi; by request of Insurance Commissioner.

### Brief History:

#### Committee Activity:

Financial Institutions & Insurance: 1/27/04, 2/4/04 [DPS].

#### Brief Summary of Substitute Bill

- Requires insurers to provide at least 90 days notice for cancellation of medical malpractice liability insurance policies.

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### HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 11 members: Representatives Schual-Berke, Chair; Simpson, G., Vice Chair; Benson, Ranking Minority Member; Newhouse, Assistant Ranking Minority Member; Cairnes, Carrell, Cooper, Hatfield, Roach, Santos and Simpson, D.

**Staff:** Caroleen Dineen (786-7156).

### Background:

With certain exceptions, state insurance law requires insurance policies to be renewable. An insurer is exempt from this requirement if the insurer provides the insured with written notice that it proposes to refuse to renew the insurance policy. Generally, the cancellation notice must be actually delivered or mailed to the insured no fewer than 45 days before the effective date of the cancellation. Shorter notice periods are specified for cancellation based on nonpayment of premiums (10 days) and for cancellation of fire insurance policies (five days). The written notice must state the actual reason for

cancellation of the insurance policy.

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**Summary of Substitute Bill:**

The mandatory notice period for cancellation of medical malpractice liability insurance policies is increased. An insurer must actually deliver or mail to the insured a written notice of cancellation of a medical malpractice liability insurance policy no fewer than 90 days before the effective date of the cancellation.

**Substitute Bill Compared to Original Bill:**

The substitute requires the notice to specify that the insurer will cancel the insurance contract upon its expiration date.

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**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date of Substitute Bill:** The bill takes effect 90 days after adjournment of session in which bill is passed.

**Testimony For:** None.

**Testimony Against:** None.

**Persons Testifying:** None.

**Persons Signed In To Testify But Not Testifying:** None.