

HOUSE BILL REPORT

ESHB 2816

As Passed House:

February 16, 2004

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

Brief Description: Regulating medical malpractice liability insurance policies.

Sponsors: By House Committee on Financial Institutions & Insurance (originally sponsored by Representatives Schual-Berke, Benson, G. Simpson, 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].

Floor Activity:

Passed House: 2/16/04, 98-0.

Brief Summary of Engrossed Substitute Bill

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

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.

Summary of Engrossed 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. For policies the insurer chooses to not renew, the notice must state that the insurer will not renew the policy upon its expiration date.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: 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.