

SENATE BILL REPORT

EHB 2364

As Reported By Senate Committee On:
Financial Services, Insurance & Housing, February 24, 2004

Title: An act relating to homeowner's insurance.

Brief Description: Regulating homeowner's insurance.

Sponsors: Representatives Kagi, O'Brien, Clibborn, Santos, Dickerson, Schual-Berke, Morrell, Edwards and Hudgins.

Brief History:

Committee Activity: Financial Services, Insurance & Housing: 2/24/04 [DP].

SENATE COMMITTEE ON FINANCIAL SERVICES, INSURANCE & HOUSING

Majority Report: Do pass.

Signed by Senators Benton, Chair; Winsley, Vice Chair; Berkey, Keiser, Murray, Prentice and Roach.

Staff: Jennifer Arnold (786-7543)

Background: Homeowner's insurance and the companies providing such insurance are regulated and licensed by the Office of the Insurance Commissioner. Current law relating to homeowner's insurance policies prohibits "unfair discrimination" between insureds that have substantially similar risk, exposure, and expense factors.

A "foster-family home" is any person, firm, partnership, association, corporation, or facility that provides 24-hour care on a regular basis to one or more children, expectant mothers, or persons with developmental disabilities in the family abode of the person under whose direct care and supervision the child, expectant mother, or person with a developmental disability is placed. Foster-family homes are licensed by the Department of Social and Health Services.

Summary of Bill: Property and casualty insurers that are licensed to offer homeowner's insurance in Washington are expressly prohibited from discriminating against foster-parent homes in making underwriting decisions. An insurer cannot deny a new application or cancel, modify, or refuse to renew an existing homeowner's insurance policy for the principal reason that the insured or applicant is a licensed foster parent.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: Most foster parents do not tell their insurance companies that they have foster children because they are afraid their policies will be cancelled. These parents are

living in fear of an accident or fire that their insurance won't pay because they are a foster-family home. Insurance companies are dropping foster parents for mysterious reasons. In some cases, the insurance premiums on foster-family homes have quadrupled over the course of one year, even though no claims were filed. In a specific example of rate increases, one family that owned, sold, and bought a larger home, was charged two times the amount of a smaller home, which the owner feels was a direct result of being a foster-family home. Another family was told they had to upgrade and get more insurance when they notified the company that they were a foster-family home, even though they had filed no claims. Further, the state has a separate pool for covering damage to homes caused by foster children, in which event this bill would in no way result in those type of claims going to the insurance companies. Foster care is becoming a dirty word in insurance; changes need to be made to prevent any further foster care discrimination. This bill addresses some of the insurance companies concerns and assures that insurance companies can continue to underwrite for existing reasons. Policies can be denied, not renewed, or cancelled for any reason other than the fact that the home is a foster-family home, such as buying a bigger house. Further, this bill only provides coverage for homeowners. The language mimics the current WACs regarding day care, which seem to be working well.

Testimony Against: None.

Testified: PRO: Darlene Flowers, Foster Parents Association of WA State; Jean Leonard, State Farm Washington Insurance;

Signed In/Did Not Testify: Laurie Lippold, Children's Home Society; Kevin Glacken-Coley, Children's Alliance; Donna Christensen, Catholic Conf.