

1582-S

Sponsor(s): House Committee on Financial Institutions & Insurance (originally sponsored by Representatives Schual-Berke, Rockefeller and Sullivan; by request of Insurance Commissioner)

Brief Description: Forming market assistance plans and joint underwriting associations.

**HB 1582-S - DIGEST**

(SEE ALSO PROPOSED 2ND SUB)

Requires the commissioner to create a Washington association to provide liability insurance for: (1) Adult family homes; (2) Community residential programs; (3) Contractors; (4) Hospitals; or (5) Health care clinics.

Requires the commissioner to provide notice, hold a hearing, and issue findings under chapter 48.04 RCW before forming an association.

Provides that the commissioner may not form an association unless the commissioner finds that: (1) A market assistance plan formed under RCW 48.22.050 cannot adequately serve the needs of businesses or entities described in this act; and

(2) (a) The voluntary market does not have the financial capacity to provide adequate liability insurance to the businesses or entities described in this act; (b) insurance essential for the businesses or entities described in this act to continue business operations is not available in the voluntary market; or (c) there are so few insurers actively selling liability insurance to the businesses or entities described in this act that a competitive market does not exist.

Requires an association to establish a risk management program for businesses or entities insured by the association. The risk management program must include: (1) Standards for systematic investigation and reporting of claims and incidents; and

(2) A loss control and prevention program. This program must include procedures that: (a) Analyze claim frequency, severity, and causes of loss; (b) identify situations that may produce large losses; (c) develop measures to control losses; (d) monitor the effectiveness of the loss control and prevention measures that are implemented; and (e) educate insured businesses or entities on methods to reduce and prevent losses.

Provides that, if the commissioner forms an association, the commissioner must report to the legislature annually about the: (1) Financial condition of the association;

(2) Condition of the voluntary market for those classes or types of insurance available through the association; and

(3) Need to continue the operations of the association.

Provides that, by resolution, the legislature may determine, after the commissioner's report, that: (1) Certain classes or types of liability insurance may no longer be offered by the association; or

(2) The association must be dissolved.