

---

**Financial Institutions &  
Insurance Committee**

---

**ESB 5530**

**Brief Description:** Prohibiting discrimination in life insurance based on lawful travel destinations.

**Sponsors:** Senators Kline, Esser, Weinstein, Roach, Fairley, Franklin and Kohl-Welles.

**Brief Summary of Engrossed Bill**

- Prohibits life insurers from taking underwriting actions or charging different rates based upon an applicant's or insured person's past or future lawful travel unless the insurer bases the action on sound actuarial principles.

**Hearing Date:** 3/29/05

**Staff:** Jon Hedegard (786-7127).

**Background:**

The Office of the Insurance Commissioner (OIC) is responsible for the regulation of life insurance in the state of Washington. The OIC is authorized to regulate both the rates and contracts of the companies doing business in this state.

Under current law, insurers are not allowed to make or permit any unfair discrimination between insureds or subjects of insurance that have "substantially like insuring, risk, and exposure factors, and expense elements" in contract terms, rates or benefits the terms. A life insurer is allowed to "fairly" discriminate between individuals having unequal expectation of life.

**Summary of Bill:**

Generally, a life insurer may not take the following actions if the actions are based upon the applicant or insured person's past or future lawful travel destinations:

- deny or refuse to accept an application for insurance;
- refuse to insure;
- refuse to renew;
- cancel;
- restrict;
- otherwise terminate a policy of insurance, or
- charge a different rate for the same coverage

A life insurer may exclude or limit coverage or charge a different rate for the coverage if the insurer bases the action on sound actuarial principles

**Appropriation:** None.

**Fiscal Note:** Not requested.

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