

SENATE BILL REPORT

SHB 2481

As Reported By Senate Committee On:
Financial Institutions, Housing & Consumer Protection, February 21, 2006

Title: An act relating to insuring victims of crimes.

Brief Description: Insuring victims of crimes.

Sponsors: House Committee on Financial Institutions & Insurance (originally sponsored by Representatives Williams, Blake, Appleton, Moeller, Hasegawa, Chase, Rodne, Eickmeyer, Conway, Roberts, Hunt and Simpson).

Brief History: Passed House: 2/09/06, 71-27.

Committee Activity: Financial Institutions, Housing & Consumer Protection: 2/16/06, 2/21/06 [DPA, w/oRec].

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, HOUSING & CONSUMER PROTECTION

Majority Report: Do pass as amended.

Signed by Senators Fairley, Chair; Berkey, Vice Chair; Benson, Brandland, Finkbeiner, Franklin, Keiser and Spanel.

Minority Report: That it be referred without recommendation.

Signed by Senator Benton, Ranking Minority Member.

Staff: Joanne Conrad (786-7472)

Background: When the crimes of arson and malicious mischief are committed against an organization, more than property is destroyed. The ability of the organization to obtain insurance coverage on favorable terms, and to be compensated by submitting an insurance claim, can also be affected. Ultimately, the viability of the organization itself can be affected.

The Office of the Insurance Commissioner (OIC) regulates underwriting and rate-setting practices for insurers in Washington State, and has authority to prevent practices that are unfair. No current statute exists to protect organizations from adverse insurance underwriting decisions resulting from claims based on acts of criminal arson and malicious mischief.

Summary of Amended Bill: Insurers may not cancel or nonrenew, or change the terms or benefits of a property insurance policy of a health care facility, independent clinic or provider, or a religious organization because of a claim for loss incurred due to arson or malicious mischief. Insurers may, however, take underwriting actions due to other factors.

Insured organizations and providers who are victims must file timely police reports and cooperate with law enforcement.

Insurers must notify the OIC if they take underwriting actions (during a five year period) against insureds who have filed claims based on the crimes of arson or malicious mischief.

Amended Bill Compared to Original Bill: The amendment clarifies that independent health clinics are also protected.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

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

Testimony For: Criminal acts should not subject insured organizations, businesses and individuals to adverse underwriting decisions. Churches are "an arson away" from being put out of business. Ideologically-based crimes should not be allowed to thwart the operation of lawful businesses. Lack of insurance denied clinic patients, including poor patients, vital access to care. Although it is the business of insurers to rate higher risks and charge for them, there are limited cases where public policy needs to be accommodated.

Testimony Against: None.

Who Testified: PRO: Rep. Brendan Williams, prime sponsor; Nancy Armstrong, ARNP, Eastside Women's Health Clinic; Dave Johnson, WA Coalition of Crime Victim Advocates; Jean Leonard. CON: No one.