

SENATE BILL REPORT

SHB 2404

As of February 15, 2010

Title: An act relating to group life insurance.

Brief Description: Concerning group life insurance.

Sponsors: House Committee on Financial Institutions & Insurance (originally sponsored by Representatives Santos, Bailey and Kirby).

Brief History: Passed House: 2/10/10, 96-0.

Committee Activity: Financial Institutions, Housing & Insurance: 2/17/10.

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, HOUSING & INSURANCE

Staff: Diane Smith (786-7410)

Background: Policies of group life insurance have been authorized for over 60 years. This authorization is uniformly made by prohibiting contracts of life insurance that insure the lives of more than one individual, unless the policy is offered to one of the specified groups. The groups include employees, credit unions, debtor groups, certain associations, labor unions, public employees, trustee groups, life insurance producers, the Washington State Patrol, and financial institutions. It is the group that is the policyholder. The member of the group is the insured. The beneficiaries may only be persons other than the policyholder.

Certain standard provisions must appear in all group life insurance policies. Each group is individually defined by characteristics that are common to all members of the group. Most groups must meet minimum requirements for the number or percentage, or both, of members of the group whom the group life insurance policy covers. Most groups have limitations on the source from which the premium payments may come, such as from the policyholder, the insured member of the group, or both. Just over half of the authorized groups may extend the offer of group life insurance coverage to the group-member's spouse and dependent children.

Summary of Bill: Group life insurance may be offered to a group of Washington residents who are not members of any of the defined groups. This may occur only if the Insurance Commissioner finds that: issuance of the group policy is not contrary to the best interest of the public; economies of acquisition or administration would result; and the benefits are reasonable in relation to the premiums charged.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

An insurer may offer a group life insurance policy that was issued in another state if the other state has substantially similar requirements.

Either or both the policyholder or the covered person may pay the premiums for the policy.

Groups created under the authority of this bill may not sell group disability policies. The current statutory option for existing groups to include spouses and dependent children does apply to groups created under the authority of the bill.

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.