

SENATE BILL REPORT

SB 5617

As of February 8, 2011

Title: An act relating to group disability insurance.

Brief Description: Making certain lines of group disability insurance more available.

Sponsors: Senators Hobbs and Fain.

Brief History:

Committee Activity: Financial Institutions, Housing & Insurance: 2/09/11.

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, HOUSING & INSURANCE

Staff: Edward Redmond (786-7471)

Background: The Office of the Insurance Commissioner (OIC) regulates insurance transactions in Washington. This includes group disability insurance policies that are issued or delivered in Washington. The OIC ensures that the rates and forms comply with the requirement of the Insurance Code. There are certain standard provisions for group disability policies.

Under Washington law, a group disability policy may only insure members of specified types of groups and the dependents of the members. The group is the policyholder and is required to pay the premiums on the policies. An insured person may be able to contribute funds to the premiums. A person must be a member to be insured under the group policy. These groups include, but are not limited to, employee groups, credit union groups, and financial institutions.

Summary of Bill: Disability income insurance, accident only coverage, dental only coverage and vision only coverage may be offered under a group policy to a group other than a group currently in statute subject to specific conditions. The Insurance Commissioner (Commissioner) must find that the issuance of the group policy is not contrary to the best interest of the public; the issuance of the group policy would result in economies of acquisition or administration; and the benefits are reasonable in relation to the premiums charged.

Group coverage for disability income insurance, accident only coverage, dental only coverage, and vision only coverage under a policy issued in another state may not be offered

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to this type of group in the state unless certain conditions are met: (1) the other state must have insurance issuance requirements substantially similar to the Commissioner's requirements; and (2) the Commissioner, or the insurance commissioner of the other state, must determine that the requirements for issuance of the group policy have been met.

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.