

SENATE BILL REPORT

SHB 2746

As Reported By Senate Committee On:
Financial Institutions & Housing, February 20, 1996

Title: An act relating to unfair practices when the rates or terms of an insurance policy are being changed.

Brief Description: Changing the rates or terms of an insurance policy.

Sponsors: House Committee on Financial Institutions & Insurance (originally sponsored by Representatives L. Thomas, Sheldon, Wolfe and Benton).

Brief History:

Committee Activity: Financial Institutions & Housing: 2/15/96, 2/20/96 [DP].

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS & HOUSING

Majority Report: Do pass.

Signed by Senators Prentice, Chair; Fraser, Vice Chair; Hale, Roach, Sellar, Smith and Sutherland.

Staff: Catherine Mele (786-7470)

Background: An insurance policy is a contract between an insurance company and the policyholder. These contracts are regulated by statute and by rules adopted by the Office of the Insurance Commissioner. A binder is often issued as a temporary summary of the agreement until the actual policy is delivered to the policyholder. Current rules adopted by the Insurance Commissioner limit the ability of insurance companies to correct incorrect premiums without notice to and agreement of the policyholder.

Summary of Bill: Premium discrepancies between the binder and the actual policy that are less than \$10 do not require notice to the policyholder, and the insurer may use the policy amount as the premium.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: This bill gives insurance companies the ability to address small discrepancies due to misquoted premiums.

Testimony Against: None.

Testified: Mike Kapphahn, Farmers Ins. (pro); Mary Clogston, OIC (concerns).

