

SENATE BILL REPORT

SB 6308

As of January 15, 1996

Title: An act relating to insurance coverage.

Brief Description: Allowing the recovery of consequential damages in insurance claims cases.

Sponsors: Senators Prentice, Winsley, Swecker, Franklin, Schow, Sheldon, Rasmussen, Bauer, Fraser, Oke and Fairley.

Brief History:

Committee Activity: Financial Institutions & Housing: 1/16/96.

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS & HOUSING

Staff: Katie Healy (786-7403)

Background: Consequential damages are damages, loss or injury which does not flow directly and immediately from the act of a party, but only from some of the consequences or results of the act. Insurance policies usually cover specific damages for which the insured pays premiums to the insurer to protect itself from identified risks.

Concern has been expressed that punitive measures in the form of consequential damages are necessary to deter unfair claims handling practices by insurers.

Summary of Bill: When an insured wins in a coverage action against an insurer, the insured can recover all consequential damages caused by a delay in resolving its insurance claim. The consequential damages are imposed even if recovery on the insurance policy exceeds the policy limits.

Appropriation: None.

Fiscal Note: Not requested.

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