

# FINAL BILL REPORT

## HB 1709

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Synopsis as Enacted

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

**Sponsors:** Representatives Kirby and Bailey.

**House Committee on Business & Financial Services**  
**Senate Committee on Financial Institutions, Housing & Insurance**

**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 state 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 are:

- employee groups;
- credit union groups;
- debtor groups;
- associations which have: (1) been in active existence for at least one year; (2) a constitution and bylaws; and (3) been organized and maintained in good faith for purposes other than that of obtaining insurance;
- labor union groups;
- public employee associations;
- trustee groups;
- insurance producer groups;
- the Washington State Patrol;
- financial institutions; and
- corporations with at least 500 subscribers that exist for the primary purpose of assisting subscribers in securing medical, hospital, dental, and other health care services.

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*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.*

While used in the Insurance Code, "disability income insurance," "accident-only coverage," "dental-only coverage," and "vision-only coverage" are not defined phrases. Disability income insurance is generally considered to be insurance that provides payment when the insured is unable to work due to illness or injury. Benefits are usually provided on a monthly basis so that individuals can maintain their standard of living and continue to pay their regular expenses. Accident-only insurance is generally considered to be insurance that pays the insured a stated benefit in the event of injury or death due to accidental means. It does not provide benefits related to sickness or natural causes. Dental-only coverage and vision-only coverage solely provide benefits related to dental and vision conditions, respectively.

**Summary:**

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 listed in statute if the Insurance Commissioner (Commissioner) finds 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 by this type of group in this state unless:

- the other state has requirements substantially similar to those in the act; and
- the Commissioner or the insurance commissioner of the other state has determined that those requirements have been met.

**Votes on Final Passage:**

House	97	0
Senate	47	0

**Effective:** July 22, 2011