

SENATE BILL REPORT

SB 5428

As of January 30, 1995

Title: An act relating to declinations or terminations of automobile insurance applications or policies.

Brief Description: Restricting declinations or terminations for automobile insurance.

Sponsors: Senators Fraser, Pelz, Fairley, Prentice and Kohl; by request of Insurance Commissioner.

Brief History:

Committee Activity: Financial Institutions & Housing: 2/3/95.

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS & HOUSING

Staff: Erika Lim (786-7488)

Background: Automobile insurance is mandatory and it must therefore be accessible. An insurer may decline or terminate a policy during the application process, during the policy coverage period, or at the time for renewal.

Summary of Bill: When an insurer declines to issue a policy, it must state, in writing, its reasons for doing so. Declination includes offering coverage with a company other than the one requested or offering coverage or rates substantially less favorable than requested. An insurer is prohibited from declining or terminating a policy for the following reasons: age, gender, marital status or sexual orientation; previous coverage through a residual market insurance mechanism; previous declination or termination; lack of prior insurance or concurrent insurance; credit history; any number of non-moving violations or a single traffic infraction; employment history; a single traffic accident within the previous three years; age of the vehicle; or number of years at a certain address.

Appropriation: None.

Fiscal Note: Not requested.

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