

HOUSE BILL REPORT

HB 2910

As Reported By House Committee On: Financial Institutions & Insurance

Title: An act relating to insurance payments for insureds who are victims of domestic abuse.

Brief Description: Regulating insurance payments of insureds who are victims of domestic abuse.

Sponsors: Representatives L. Thomas, Kessler, Zellinsky, Grant, Lisk, Anderson, Ballasiotes, Radcliff, DeBolt, Wensman, D. Schmidt, Scott, Doumit, McDonald, Cooke and O'Brien.

Brief History:

Committee Activity:

Financial Institutions & Insurance: 1/29/98, 2/5/98 [DPS].

HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 11 members: Representatives L. Thomas, Chairman; Smith, Vice Chairman; Zellinsky, Vice Chairman; Wolfe, Ranking Minority Member; Grant, Assistant Ranking Minority Member; Benson; Constantine; DeBolt; Keiser; Sullivan and Wensman.

Staff: Charlie Gavigan (786-7340).

Background: Insurance is a contract between the insurance company and the insured person or persons. The insurance company promises to pay the insured or his or her beneficiary if a certain event occurs, typically an accident or chance occurrence. The insured pays premiums for this benefit. Insurance seeks to distribute the risk of economic loss on as many persons as feasible who are subject to the same kind of risk. Insurance companies cannot discriminate against an applicant or customer on the basis of gender, marital status, or the presence of a sensory, mental, or physical handicap.

Generally, the insurance contract determines under what circumstances claims are paid. Sometimes certain conditions or exclusions that deny coverage may not be allowed by statute or the courts. Intentional acts by an insured person typically are not covered; some policies allow some benefits be paid to innocent co-insureds, while other policies

deny any benefits to all persons insured under the policy. In 1997, the insurance commissioner issued a technical advisory indicating that all innocent co-insureds had to be protected under fire policies.

Summary of Substitute Bill: An insurance company cannot deny or refuse an application, refuse to issue or renew a policy, charge a higher rate, or cancel a policy on the basis that the person is, was, or may be the victim of domestic abuse. Insurance forms for fire policies that are now filed or will be filed with the insurance commissioner after the effective date of this act may exclude coverage for the intentional or fraudulent acts of any insured person, except for an otherwise-covered loss caused by an act of domestic abuse against an innocent co-insured by another insured if the innocent co-insured files a police report and cooperates with the investigation. Payment of benefits under these circumstances may be limited to the person's insurable interest less payments made to a mortgagee.

Domestic abuse is defined as the threat of or actual physical harm or assault. It also includes sexual assault of one family or household member by another, stalking as defined in the criminal code of one family or household member by another family or household member, or intentionally or recklessly damaging property so as to intimidate or attempt to control the behavior of another family or household member.

Substitute Bill Compared to Original Bill: The substitute bill: (1) removes the intent subsection; (2) replaces the requirement that a criminal charge be filed with the requirement that a police report be filed and the victim cooperates with the investigation; and (3) clarifies that one form of domestic abuse is causing property damage to intimidate a family or household member.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: This bill provides victims of domestic abuse protection against discrimination. It also provides protection against property loss for innocent co-insureds who are victims of domestic abuse when that act of abuse is an intentional act that otherwise would preclude coverage. Insurers normally don't cover intentional conduct, but are making an exception to cover this important social issue.

Testimony Against: This bill removes protection that exists for all innocent co-insureds who are not victims of domestic abuse. Fraud is not an issue in this area. The requirement that a criminal charge be filed is not appropriate.

Testified: Rob Tee, Safeco (supports); Mel Sorensen National Association of Independent Insurers (supports); Deborah Senn, Insurance Commissioner (opposes as written); Mike Kapphahn, Farmers Insurance (supports); Basil Badley, American Insurances Association (supports); and Mary Pontardo, Washington State Coalition Against Domestic Violence (opposes).