## SENATE BILL REPORT SB 5106

As Reported By Senate Committee On: Labor, Commerce & Financial Institutions, January 25, 2001

Title: An act relating to juvenile life insurance.

Brief Description: Regulating juvenile life insurance.

Sponsors: Senators Prentice and Oke.

## **Brief History:**

Committee Activity: Labor, Commerce & Financial Institutions: 1/23/01, 1/25/01 [DPS].

## SENATE COMMITTEE ON LABOR, COMMERCE & FINANCIAL INSTITUTIONS

**Majority Report:** That Substitute Senate Bill No. 5106 be substituted therefor, and the substitute bill do pass.

Signed by Senators Prentice, Chair; Gardner, Vice Chair; Benton, Fairley, Franklin, Hochstatter, Honeyford, Patterson, Rasmussen, Regala, West and Winsley.

**Staff:** Joanne Conrad (786-7472)

**Background:** The Office of the Insurance Commissioner contacted 100 life insurance companies to survey their practices with regard to the marketing and underwriting of juvenile insurance policies. In many cases, the average death benefit claimed, upon the death of an insured child, far exceeded the economic losses, such as funeral expenses. Concern exists that, while many well-meaning adults may innocently purchase inappropriate or unnecessary amounts of life insurance on children, some may actually be purchasing the policies with criminal intent. Some news stories indicate that some children are murdered in order to obtain insurance payments.

**Summary of Substitute Bill:** Life insurers must develop and implement underwriting standards and procedures designed to detect and prevent the purchase of juvenile life insurance for speculative or fraudulent purposes, and maintain records of rejected applications for 10 years.

**Substitute Bill Compared to Original Bill:** Records must be retained for 10 years instead of 25 years.

## Appropriation: None.

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Fiscal Note: Requested on January 19, 2001.

Effective Date: The bill takes effect on August 1, 2001.

**Testimony For:** Better underwriting standards would help prevent abuses. Retention of records of rejected applications would aid in criminal investigations.

Testimony Against: None.

**Testified:** Deborah Senn, former Washington State Insurance Commissioner (pro); Basil Badley, American Council of Life Insurers.