

SENATE BILL REPORT

ESB 5530

As Passed Senate, March 11, 2005

Title: An act relating to prohibiting discrimination in life insurance based on lawful travel destinations.

Brief Description: Prohibiting discrimination in life insurance based on lawful travel destinations.

Sponsors: Senators Kline, Esser, Weinstein, Roach, Fairley, Franklin and Kohl-Welles.

Brief History:

Committee Activity: Financial Institutions, Housing & Consumer Protection: 2/1/05, 2/10/05[DP, w/oRec].

Passed Senate: 3/11/05, 47-0.

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, HOUSING & CONSUMER PROTECTION

Majority Report: Do pass.

Signed by Senators Fairley, Chair; Berkey, Vice Chair; Franklin, Keiser, Schmidt and Spanel.

Minority Report: That it be referred without recommendation.

Signed by Senators Benson and Delvin.

Staff: Joanne Conrad (786-7472)

Background: Concerns exist regarding the use of travel destination information in the underwriting of life insurance. Some consumers report increases in premiums, or difficulty in obtaining coverage, based upon past or future travel to certain destinations.

Summary of Bill: Life insurers are prohibited from: denying or refusing to insure; refusing to renew; cancelling or restricting life insurance; or charging a different rate for the same coverage, based upon a person's past or future lawful travel destinations. Insurers may, however, base underwriting and premium decisions on "sound actuarial principles."

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

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

Testimony For: Some consumers have been denied life insurance coverage, and cannot protect their families. Lack of coverage is a constraint on students studying abroad, and also affects tourist and business travel. Reliance by insurers on the State Department list of Travel

Warnings is not the same thing as actuarial data. Insurers should not make "blanket" assumptions based upon destinations.

Testimony Against: Insurers need to be able to classify and evaluate risk. Over 98 percent of life insurance applicants do obtain coverage. "Travel behavior" is a legitimate factor to consider when underwriting someone, otherwise all those who are insured will subsidize the travel risks of some people.

Who Testified: PRO: Robert Jacobs and David V.H. Cohen, Pac. NW Anti Defamation League; Remy Trupin, Jewish Federation of Greater Seattle.

CON: Mel Sorensen, NAIFA and American Council of Life Insurers.