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## Financial Institutions & Insurance Committee

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### HB 1202

**Brief Description:** Allowing noninsurance benefits as part of life insurance policies.

**Sponsors:** Representatives Hurst, Bailey, Kelley, Roach, Kirby and Parker.

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| <p style="text-align: center;"><b>Brief Summary of Bill</b></p> <ul style="list-style-type: none"><li>• Allows specific noninsurance benefits as part of a policy of individual or group life insurance, with the prior approval of the Insurance Commissioner (Commissioner).</li></ul> |
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**Hearing Date:** 1/29/09

**Staff:** Jon Hedegard (786-7127)

**Background:**

The Commissioner oversees individual and group life insurance contracts that are issued or delivered in this state.

Under the insurance code, the state is a member of the Interstate Insurance Product Regulation Compact (Compact). The Compact became operational in May of 2006. The Compact is the legal arrangement. It creates an Interstate Insurance Product Regulation Commission (Commission). The Commission will develop product standards and receive, review, and approve products. A standard must be approved by two-thirds of the members of the Commission before it can be adopted. Each compacting state receives one representative to the Commission. The Insurance Commissioner is the representative from the state. The state may opt-out of a product standard in either of two ways. First, the Legislature may opt out of any product standard at any time for any reason. Second, the state may also opt-out by rule-making of the OIC. To opt-out by rule, the OIC must make specific findings of fact and conclusions of law in determining that the standard does not provide reasonable protections to the citizens of the state.

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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.*

An insurer may file products for approval with the OIC for use in this state. Instead of, or in addition to, filing a produce with the OIC, an insurer may file a product for approval with the Commission prior to use by the insurer. A product approved by the Commission may be used in any compacting state, including this state.

The practice of law is overseen by the Washington State Supreme Court (Supreme Court). A person who provides legal services, who is not a licensed lawyer or otherwise authorized by law to provide legal services, may be engaging in the unauthorized practice of law. The unauthorized practice of law is a crime in this state.

**Summary of Bill:**

A life insurer may include specific noninsurance benefits as part of a policy of individual or group life insurance, with the prior approval of the Commissioner:

- will preparation services;
- financial planning and estate planning services;
- probate and estate settlement services; and
- other services adopted by rule of the Commissioner.

The Commissioner is not required to approve any particular proposed noninsurance benefit. Any proposed noninsurance benefit that the Commissioner determines may tend to promote or facilitate the violation may be disapproved by the Commissioner.

The Commissioner may adopt rules to ensure disclosure of the noninsurance benefits.

Persons or businesses providing the noninsurance services must be appropriately licensed. The authority and ethical obligations of those who are authorized by the Supreme Court to practice law in this state is not affected. The prohibition against the unauthorized practice of law is also not affected.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.