

SENATE BILL REPORT

SHB 1128

As Reported By Senate Committee On:
Financial Services, Insurance & Housing, March 27, 2003

Title: An act relating to property insurance for victims of malicious harassment.

Brief Description: Prohibiting insurers from taking certain underwriting actions regarding property insurance policies due to claims made for malicious harassment.

Sponsors: House Committee on Financial Institutions & Insurance (originally sponsored by Representatives Schual-Berke, Benson, Simpson, Ruderman, Wallace, Hunt, McDermott, Pflug, Campbell and Upthegrove; by request of Insurance Commissioner).

Brief History:

Committee Activity: Financial Services, Insurance & Housing: 3/20/03, 3/27/03 [DPA].

SENATE COMMITTEE ON FINANCIAL SERVICES, INSURANCE & HOUSING

Majority Report: Do pass as amended.

Signed by Senators Benton, Chair; Winsley, Vice Chair; Keiser, Prentice and Roach.

Staff: Joanne Conrad (786-7472)

Background: Sometimes the victim of a hate crime ("malicious harassment") is not an individual, but a building or other property owned by a religious organization. In some cases, the insurer of the religious organization has been reported to cancel or refuse to renew insurance coverage on the property, leaving the organization, and members of the public who enter the premises, unprotected in the event of an injury or loss.

Loss of insurance coverage can have serious consequences for individuals and organizations, including virtually closing down an organization's activities. So, in addition to uncompensated property damage, a malicious act can effectively put someone out of business.

Summary of Amended Bill: An insurer cannot take an underwriting action on a property insurance policy of an individual, a religious or educational organization, or a nonprofit organized for religious, charitable or educational purposes if the insured has made a claim for a loss resulting from "malicious harassment," as defined in Washington State's criminal code.

Insurers may take underwriting actions based upon other factors, however.

The insured must file a report with law enforcement within 30 days of discovery of the incident. Law enforcement makes a determination of whether a crime of malicious harassment occurred. Insurers must report claims involving malicious harassment to the Insurance Commissioner.

Amended Bill Compared to Substitute Bill: Law enforcement's role in confirming a "hate crime" occurred is technically changed.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: The bill is needed, but there are problems with the role appropriate to law enforcement. Making false police reports is already a crime. Language needs to be worked out so that law enforcement is not burdened.

Testimony Against: None.

Testified: PRO: Representative Schual-Berke, prime sponsor; John Hedegard, OIC; David Cohen, Anti-Defamation League.