

SENATE BILL REPORT

SB 5522

AS PASSED SENATE, MARCH 14, 1991

Brief Description: Requiring life insurers to disclose policy limits based on war, suicide, or aviation.

SPONSORS: Senators Vognild, West, Pelz, Bailey, Moore, Sellar, Owen, Newhouse, Conner, Talmadge, A. Smith, Murray, Wojahn, Thorsness, Erwin, L. Kreidler, Rasmussen, Nelson, Saling, McCaslin, Craswell, Roach, McDonald, Bauer, Gaspard, Snyder and Johnson.

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

Majority Report: Do pass.

Signed by Senators von Reichbauer, Chairman; Johnson, Vice Chairman; McCaslin, Moore, Owen, Pelz, Rasmussen, Sellar, Vognild, and West.

Staff: Meg Jones (786-7416)

Hearing Dates: February 7, 1991; March 5, 1991

BACKGROUND:

Under current Washington law, a specific statute permits a life insurance policy, an annuity or a pure endowment contract to limit liability for payment in the event of the covered person's death to the full reserve of the policy and of dividend additions to the reserve if the death occurred in one of three circumstances: (1) war, any act of war or while the person served as the member of the armed forces of any country at war; (2) suicide within two years of the policy's issue; (3) as the result of aviation, under conditions laid out in the policy.

When contracts are issued, a contract summary must go to the purchaser of annuity contracts. For life insurance, a life insurance buyer's guide and policy summary must be provided to the consumer. Our laws also provide for a 10-day free examination of the policy.

SUMMARY:

Insurers may rely on clauses to limit liability in the event of war, suicide or aviation under life insurance, annuity or pure endowment contracts only if the policyholder has been told at the time the contract was sold that the limitation exists.

Appropriation: none

Revenue: none

Fiscal Note: none requested

TESTIMONY FOR: None

TESTIMONY AGAINST: None

TESTIFIED: No one