
SUBSTITUTE HOUSE BILL 2503

State of Washington

52nd Legislature

1992 Regular Session

By House Committee on Financial Institutions & Insurance (originally sponsored by Representatives Dellwo, Zellinsky, Broback, Mielke, Winsley and Paris)

Read first time 01/31/92.

1 AN ACT Relating to stop loss insurance; amending RCW 48.11.030 and
2 48.21.010; adding a new section to chapter 48.21 RCW; and creating a
3 new section.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 **Sec. 1.** RCW 48.11.030 and 1947 c 79 s .11.03 are each amended to
6 read as follows:

7 "Disability insurance" is insurance against bodily injury,
8 disablement or death by accident, against disablement resulting from
9 sickness, and every insurance appertaining thereto including stop loss
10 insurance. "Stop loss insurance" is insurance against the risk of
11 economic loss assumed under a self-funded employee disability benefit
12 plan.

1 **Sec. 2.** RCW 48.21.010 and 1949 c 190 s 27 are each amended to read
2 as follows:

3 Group disability insurance is that form of disability insurance,
4 including stop loss insurance as defined in RCW 48.11.030, provided by
5 a master policy issued to an employer, to a trustee appointed by an
6 employer or employers, or to an association of employers formed for
7 purposes other than obtaining such insurance, covering, with or without
8 their dependents, the employees, or specified categories of the
9 employees, of such employers or their subsidiaries or affiliates, or
10 issued to a labor union, or to an association of employees formed for
11 purposes other than obtaining such insurance, covering, with or without
12 their dependents, the members, or specified categories of the members,
13 of the labor union or association, or issued pursuant to RCW 48.21.030.
14 Group disability insurance shall also include such other groups as
15 qualify for group life insurance under the provisions of this code.

16 NEW SECTION. **Sec. 3.** A new section is added to chapter 48.21 RCW
17 to read as follows:

18 Group stop loss insurance is exempt from all sections of this
19 chapter, chapter 48.32A RCW, and chapter 48.41 RCW except for RCW
20 48.21.010 and this section. For purpose of this exemption, group stop
21 loss is further defined as follows:

22 (1) The policy must be issued to and insure the employer, the
23 trustee or other sponsor of the plan, or the plan itself, but not the
24 employees, members, or participants;

25 (2) Payment by the insurer must be made to the employer, the
26 trustee, or other sponsor of the plan or the plan itself, but not to
27 the employees, members, participants, or health care providers;

1 (3) The policy must contain a provision that establishes an
2 aggregate attaching point or retention that is at the minimum one
3 hundred twenty percent of the expected claims; and

4 (4) The policy may provide for an individual attaching point or
5 retention that is not less than five percent of the expected claims or
6 one hundred thousand dollars, whichever is less.

7 NEW SECTION. **Sec. 4.** This act applies to policies issued or
8 renewed on or after July 1, 1992.