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**Financial Institutions &  
Insurance Committee**

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**HB 2740**

**Brief Description:** Regulating a joint underwriting association for persons and entities that provide services to children and vulnerable adults.

**Sponsors:** Representatives Schual-Berke, Clibborn and Morrell; by request of Insurance Commissioner.

**Brief Summary of Bill**

- Authorizes a joint underwriting association for children and vulnerable adults.

**Hearing Date:** 1/28/04

**Staff:** Carrie Tellefson (786-7127).

**Background:**

A joint underwriting association (JUA) is a regulatory tool authorized by the legislature for specific markets and available to the Commissioner when an insurance market becomes so limited that affordable coverage all but disappears. The Commissioner must seek authorization from the Legislature before creating a JUA. Once authorized, the Commissioner has the authority to establish a nonprofit JUA that provides insurance coverage to a specified class of prospective insureds. The JUA is comprised of insurers who can be compelled to participate as a condition of continuing to do business in this state. To fund the JUA, the Commissioner imposes monetary assessments. The Commissioner does not directly control the premium rates established by the JUA's members, though such rates are subject to the same rate setting requirements applicable in the standard market.

There are currently two legislatively authorized associations in Washington: one for midwives and one for day care service providers which, though authorized, was never activated by the Commissioner. Approximately 39 states plus the District of Columbia have enacted legislation authorizing the formation of various types of associations.

A "vulnerable adult" includes a person:

- (a) Sixty years of age or older who has the functional, mental, or physical inability to care for himself or herself; or
- (b) Found incapacitated; or
- (c) Who has a developmental disability; or

- (d) Admitted to any facility; or
- (e) Receiving services from home health, hospice, or home care agencies; or
- (f) Receiving services from an individual provider.

Examples of services provided under Title 70 or 74 RCW include, but are not limited to the following: in home care, adult family homes, long term care, nursing homes, shelters for victims of domestic violence, early intervention children's services, and migrant housing.

**Summary of Bill:**

The Commissioner must appoint a governing board for the JUA by July 1, 2004, which is charged with developing a plan of operation and establishing a JUA to provide liability insurance to children and vulnerable adults. This insurance coverage must be offered by January 1, 2005. The plan must offer a policy with reasonable liability limits as determined by the Commissioner based on standard industry practices.

The JUA must be comprised of all insurers licensed to write general casualty insurance in this state. The Commissioner may select one or more insurers to manage the JUA operations.

Those "licensees" qualified to apply for the liability insurance include nonprofit entities that provide services to children or vulnerable adults that are licensed under Title 70 or 74 RCW; or that contract with the Department of Social and Health Services to provide services.

The JUA is not a member of the guaranty fund.

The Commissioner may adopt rules to implement this chapter.

**Appropriation:** None.

**Fiscal Note:** Not requested.

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