

SENATE BILL REPORT

SB 5792

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

Title: An act relating to criteria that describes when rate increases filed by insurers are not excessive.

Brief Description: Describing when insurance rate increases are not excessive.

Sponsors: Senators Benton and Prentice.

Brief History:

Committee Activity: Financial Services, Insurance & Housing: 2/20/03, 2/27/03 [DP].

SENATE COMMITTEE ON FINANCIAL SERVICES, INSURANCE & HOUSING

Majority Report: Do pass.

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

Staff: Joanne Conrad (786-7472)

Background: The Office of the Insurance Commissioner (OIC) currently approves rate increase filings, after consideration and a waiting period.

Summary of Bill: Rate increases of up to 10 percent annually are approved by the commissioner, provided the coverages affected are in competitive markets. The commissioner may disapprove the rate increase prospectively, only upon a showing that the increase is either inadequate or unfairly discriminatory.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: It is expensive and time-consuming for the industry to do rate filings. Companies need to change rates quickly, to be competitive and keep pace with market conditions. The system of OIC approval needs modernizing.

Testimony Against: The direct effect of this bill will be higher rates for consumers, who benefit from the consumer protection role of OIC. This bill would make it impossible to deny excessive rate increases, and consumers would not be rebated for wrongful rate increases.

Testified: PRO: Basil Badley, AIA; Scott Spriggs, Progressive; Gary Strannigan, Safeco;
CON: Bill Daley, Beth Berendt, Lee Barday, OIC.