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HOUSE BILL 2468

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State of Washington

58th Legislature

2004 Regular Session

By Representatives Schual-Berke, Cody, Morrell, Rockefeller, Clibborn and Lantz

Read first time 01/14/2004. Referred to Committee on Financial Institutions & Insurance.

1 AN ACT Relating to creating a joint underwriting association for  
2 adult family homes; and adding a new chapter to Title 48 RCW.

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

4 NEW SECTION. **Sec. 1.** Adult family homes have experienced  
5 significant problems in both availability and affordability of  
6 liability insurance. Currently, many adult family homes are unable to  
7 find liability insurance coverage in both the admitted and nonadmitted  
8 insurance market, which threatens their continued operation. Several  
9 adult family homes have had to close their doors or refuse service to  
10 certain types of high-risk clients. Adult family homes provide a  
11 valuable alternative to institutional care and promote a high degree of  
12 independent living for residents. The continued viability of adult  
13 family homes is an essential long-term care option for our aging  
14 population. The legislature intends to increase the availability of  
15 cost-effective, high quality adult care. Therefore, the legislature  
16 intends to require all insurers authorized to write commercial or  
17 professional liability insurance to be members of a joint underwriting  
18 association created to provide liability insurance for adult family  
19 home services.

1        NEW SECTION.    **Sec. 2.** Unless the context clearly requires  
2 otherwise, the definitions in this section apply throughout this  
3 chapter.

4        (1) "Association" means the not-for-profit joint underwriting  
5 association established under this chapter.

6        (2) "Adult family home insurance" means insurance coverage against  
7 the legal liability of the insured and against loss, damage, or expense  
8 incident to a claim arising out of the death or injury of any person as  
9 the result of negligence or malpractice in rendering professional  
10 service by any licensee.

11        (3) "Licensee" means any person or facility licensed as an adult  
12 family home under chapter 70.128 RCW.

13        NEW SECTION.    **Sec. 3.** The commissioner must approve by July 1,  
14 2004, a reasonable plan for the establishment of a nonprofit, joint  
15 underwriting association for adult family home insurance, subject to  
16 the conditions and limitations contained in this chapter.

17        NEW SECTION.    **Sec. 4.** The association must be comprised of all  
18 insurers possessing a certificate of authority to write and engage in  
19 writing general casualty insurance within this state on a direct basis,  
20 including the liability portion of multiperil policies, but not of  
21 ocean marine insurance. Every such insurer must be a member of the  
22 association and must remain a member as a condition of its authority to  
23 continue to transact business in this state.

24        NEW SECTION.    **Sec. 5.** Any licensee may apply to the association to  
25 purchase adult family home insurance and the association must offer a  
26 policy with reasonable liability limits as determined by the  
27 association based on standard insurance industry practices. The  
28 commissioner must require the use of a rating plan for adult family  
29 home insurance that permits rates to be modified according to the type,  
30 size, and past loss experience of the licensee including any other  
31 difference among licensees that can be demonstrated to have a probable  
32 effect upon losses.

33        NEW SECTION.    **Sec. 6.** The commissioner may select an insurer to

1 administer a plan established under this chapter. The insurer must be  
2 admitted to transact the business of insurance in the state of  
3 Washington.

4 NEW SECTION. **Sec. 7.** The commissioner may adopt all rules  
5 necessary to ensure the efficient, equitable operation of the  
6 association, including but not limited to rules requiring or limiting  
7 certain policy provisions.

8 NEW SECTION. **Sec. 8.** Sections 1 through 7 of this act constitute  
9 a new chapter in Title 48 RCW.

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