AN ACT Relating to group insurance contract performance standards; adding a new section to chapter 48.30 RCW; and creating a new section.

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

NEW SECTION.  Sec. 1. The legislature intends to align the insurance code and performance-based contracting to ensure the continued practice of using performance standards and performance guarantees in group insurance contracts, including those entered into by the health care authority.

NEW SECTION.  Sec. 2. A new section is added to chapter 48.30 RCW to read as follows:

(1) For purposes of this section, "performance standard" means a contractual provision in a group insurance contract that establishes a specific standard for the insurer's performance of an obligation in the contract, and under which the insurer is required to remit a penalty payment, based on a percentage of the premium or a set dollar amount, to the group policyholder for the next policy term if the insurer fails to comply with the standard. Group policyholders and insurers may calculate the amount of the penalty based on a
percentage of the overall premium owed to the insurer by the
policyholder.

(2) Remittance of payment to the group policyholder in compliance
with this section does not constitute a premium under RCW 48.18.170
and 48.43.005. Nothing in this section prevents the health care
authority from including performance standards in contracts.

(3) If a group insurance contract includes any performance
standards, the insurer must describe the performance standards in the
group insurance contract and file the contract with the commissioner.

(4) Remittance of a premium or a credit to the group policyholder
in compliance with this section must not be considered a return

(5) The commissioner may adopt rules to implement this section.

--- END ---