

SENATE BILL REPORT

SHB 2780

As of February 21, 1996

Title: An act relating to private school liability insurance.

Brief Description: Insuring private schools.

Sponsors: House Committee on Financial Institutions & Insurance (originally sponsored by Representatives Chandler and L. Thomas).

Brief History:

Committee Activity: Financial Institutions & Housing: 2/22/96.

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS & HOUSING

Staff: Katie Healy (786-7403)

Background: Annually, private schools in the state must file a certificate with the Superintendent of Public Instruction certifying that the school meets certain statutory requirements. Private schools must comply with specific rules promulgated by the State Board of Education.

Joint underwriting associations are statutorily created organizations designed to make insurance more affordable or accessible for certain activities. Generally, these associations make insurance available through the mandatory participation of all insurance companies providing a specific type of insurance. An association offers a policy based on a plan approved by the Insurance Commissioner. Currently, joint underwriting associations exist for midwives, birthing centers and for day care services.

Summary of Bill: Private schools are authorized to form joint self-insurance programs. These programs develop self-insurance plans that provide general liability coverage to member private schools that choose to participate in the program. The member private schools agree to pay premiums to the program, share the financial risks, and must have stop loss insurance to cover contingent liabilities that arise if losses exceed a certain level.

The State Risk Manager must approve and regulate the programs, particularly regarding the financial stability of the programs. The programs must have audited statements compiled periodically and must file annual reports with the Risk Manager. The program must pay for the cost of regulation by the Risk Manager. The state is not liable as an insurer, reinsurer, or guarantor through its authorization of such programs.

Appropriation: None.

Fiscal Note: Requested on February 1, 1996.

Effective Date: Ninety days after adjournment of session in which bill is passed, except for sections 1 through 9, which take effect July 1, 1996, and section 10, which takes effect immediately.