

# HOUSE BILL REPORT

## EHB 2364

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**As Passed House:**

February 13, 2004

**Title:** An act relating to homeowner's insurance.

**Brief Description:** Regulating homeowner's insurance.

**Sponsors:** By Representatives Kagi, O'Brien, Clibborn, Santos, Dickerson, Schual-Berke, Morrell, Edwards and Hudgins.

**Brief History:**

**Committee Activity:**

Financial Institutions & Insurance: 1/21/04, 1/23/04 [DP].

**Floor Activity:**

Passed House: 2/13/04, 97-0.

**Brief Summary of Engrossed Bill**

- Prohibits an insurer from discriminating against a homeowner based upon a homeowner's status as a foster parent licensed under chapter 74.15 RCW.

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### HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

**Majority Report:** Do pass. Signed by 11 members: Representatives Schual-Berke, Chair; Simpson, G., Vice Chair; Benson, Ranking Minority Member; Newhouse, Assistant Ranking Minority Member; Cairnes, Carrell, Cooper, Hatfield, Roach, Santos and Simpson, D..

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

**Background:**

Authority of the Insurance Commissioner. The Insurance Commissioner (Commissioner) is responsible for the licensing and regulation of insurance companies doing business in this state. The authority of the Commissioner includes the oversight of homeowner's insurance policies. Current law prohibits "unfair discrimination" between insureds that have substantially similar risk factors, exposure factors, and expense elements.

Foster parents. A "foster-family home" is defined as an agency that regularly provides care on a 24-hour basis to one or more children, expectant mothers, or persons with developmental disabilities in the family abode of the person or persons under whose direct care and supervision the child, expectant mother, or person with a developmental disability is placed. The state of Washington licenses foster families under the provisions of chapter 74.15 RCW.

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**Summary of Engrossed Bill:**

In making underwriting decisions, property and casualty insurers offering homeowner's policies are prohibited from discriminating against an applicant or insured because he or she is a foster parent licensed under chapter 74.15 RCW. Insurers are specifically prohibited from denying an application, as well as canceling, modifying (raising rates or premiums), or refusing to renew a policy based upon the fact that the insured is a foster parent.

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**Appropriation:** None.

**Fiscal Note:** Not requested.

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

**Testimony For:** The hard insurance market is causing foster parents to be unable to receive or renew homeowners insurance. These are critical services provided to abused and neglected children. Foster parents are concerned about liability issues and need to be able to get affordable homeowners insurance. The DSHS provides liability insurance for foster plans; however, the foster parent has to purchase their own homeowners insurance. Insurance agents are telling their clients that they don't want to know if they are a foster parent because it would affect their rates. Foster parents fear that their homeowners insurance will be cancelled, so they sometimes feel they have to keep it a secret. One foster parent testified that she had 622 children over the years and went through six different insurance carriers in six years. She never had a claim. Her rates have gone up and her policies were previously cancelled. Her rates are probably about 20 percent higher than most people.

**Testimony Against:** None.

**Persons Testifying:** Representative Kagi, prime sponsor; Darlene Flowers, Foster Parents Association of Washington State; Daniele Baxter, foster parent; and Mike Kapphahn, Farmers Insurance.

**Persons Signed In To Testify But Not Testifying:** None.