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HOUSE BILL 1804

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State of Washington                      52nd Legislature                      1991 Regular Session

By Representatives Zellinsky, Broback, R. Johnson, Winsley, Paris, Day, Dorn, Schmidt, Mielke, May, Chandler, Beck and Holland.

Read first time February 11, 1991. Referred to Committee on Financial Institutions & Insurance.

1            AN ACT Relating to insurance rates; and amending RCW 48.19.030.

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

3            **Sec. 1.** RCW 48.19.030 and 1989 c 25 s 3 are each amended to read  
4 as follows:

5            Rates shall be used, subject to the other provisions of this  
6 chapter, only if made in accordance with the following provisions:

7            (1) In the case of insurances under standard fire policies and that  
8 part of marine and transportation insurances not exempted under RCW  
9 48.19.010, manual, minimum, class or classification rates, rating  
10 schedules or rating plans, shall be made and adopted; except as to  
11 specific rates on inland marine risks individually rated, which risks  
12 are not reasonably susceptible to manual or schedule rating, and which  
13 risks by general custom of the business are not written according to  
14 manual rates or rating plans.

15            (2) In the case of casualty and surety insurances:

1 (a) The systems of expense provisions included in the rates for use  
2 by any insurer or group of insurers may differ from those of other  
3 insurers or groups of insurers to reflect the requirements of the  
4 operating methods of any such insurer or group with respect to any kind  
5 of insurance, or with respect to any subdivision or combination thereof  
6 for which subdivision or combination separate expense provisions are  
7 applicable.

8 (b) Risks may be grouped by classifications for the establishment  
9 of rates and minimum premiums. Classification rates may be modified to  
10 produce rates for individual risks in accordance with rating plans  
11 which establish standards for measuring variations in hazards or  
12 expense provisions, or both. Such standards may measure any  
13 differences among risks that can be demonstrated to have a probable  
14 effect upon losses or expenses.

15 (3) Due consideration in making rates for all insurances shall be  
16 given to:

17 (a) Past and prospective loss experience within this state for  
18 experience periods acceptable to the commissioner. If the information  
19 is not available or is not statistically credible, an insurer may use  
20 loss experience in those states which are likely to produce loss  
21 experience similar to that in this state.

22 (b) Conflagration and catastrophe hazards, where present.

23 (c) A reasonable margin for underwriting profit and contingencies.

24 (d) Dividends, savings and unabsorbed premium deposits allowed or  
25 returned by insurers to their policyholders, members, or subscribers.

26 (e) Past and prospective operating expenses.

27 (f) Past and prospective investment income, where solvency of the  
28 insurer is in question.

29 (g) All other relevant factors within and outside this state.

1       (4) In addition to other factors required by this section, rates  
2 filed by an insurer on its own behalf may also be related to the  
3 insurer's plan of operation and plan of risk classification.

4       (5) Except to the extent necessary to comply with RCW 48.19.020  
5 uniformity among insurers in any matter within the scope of this  
6 section is neither required nor prohibited.