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HOUSE BILL 1366

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State of Washington

54th Legislature

1995 Regular Session

By Representatives L. Thomas, Campbell, Chopp, Mason, Kessler, Cole and Jacobsen; by request of Insurance Commissioner

Read first time 01/23/95. Referred to Committee on Financial Institutions & Insurance.

1 AN ACT Relating to the simplification and improved clarity of  
2 property and casualty insurance policies; and adding new sections to  
3 chapter 48.18 RCW.

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

5 NEW SECTION. **Sec. 1.** (1) The purpose of this act is to establish  
6 minimum standards to make property and casualty insurance policies  
7 easier to read.

8 (2) This act is not intended to increase risk, impede flexibility,  
9 or stifle innovation in the development of policy forms or content.

10 NEW SECTION. **Sec. 2.** As used in sections 3 through 8 of this act,  
11 the following definitions apply:

12 (1) "Casualty insurance" does not include accident and health or  
13 disability insurance.

14 (2) "Policy" or "policy form" means any written contract or billing  
15 of property or casualty insurance delivered or issued for delivery in  
16 this state by or on behalf of any insurer licensed in this state.

1        NEW SECTION. Sec. 3. (1) Sections 2 through 8 of this act applies  
2 to all policies with effective dates on or after the implementation  
3 date established for these policies under section 4 of this act.

4        (2) No other statute of this state setting simplification standards  
5 for language or format applies to any policy.

6        (3) Sections 2 through 8 of this act does not apply to policies in  
7 manuscript form or to the following kinds of insurance;

8        (a) Ocean marine;

9        (b) Surety and financial institution bonds;

10       (c) Reinsurance; or

11       (d) Commercial aviation.

12       (4) Any non-English policy is in compliance with section 5 of this  
13 act if it was translated from an English-language policy that complies  
14 with section 5 of this act.

15       NEW SECTION. Sec. 4. (1)(a) In addition to any other requirements  
16 of law, the commissioner shall by rule specify the date or dates by  
17 which personal lines policies must comply with section 5 of this act.  
18 The date or dates, if any, established by the commissioner for  
19 compliance may not be less than eighteen months or more than thirty-six  
20 months from the effective date of the rule.

21       (b) As used in this section, "personal lines policies" means  
22 policies that are:

23       (i) Solely used to provide homeowners insurance, dwelling fire  
24 insurance on one to four family units, or individual fire insurance on  
25 dwelling contents; or

26       (ii) Principally used to provide primary insurance on private  
27 passenger nonfleet automobiles individually owned and used for personal  
28 or family needs.

29       (2) In addition to any other requirements of law, the commissioner  
30 may by rule specify which policies, other than personal lines policies,  
31 must comply with section 5 of this act. The date or dates, if any,  
32 established by the commissioner for compliance may not be less than  
33 forty-eight months from the effective date of this act or twenty-four  
34 months from the effective date of the rule establishing the dates,  
35 whichever is later.

1        NEW SECTION.    **Sec. 5.** All property and casualty policies that,  
2 under section 4 of this act, must comply with this section shall be  
3 simplified, taking into consideration the following factors:

4        (1) Use of simple sentence structure and short sentences;

5        (2) Use of commonly understood words;

6        (3) Avoidance of technical legal terms wherever possible;

7        (4) Minimal reference to other sections or provisions of the  
8 policy;

9        (5) Organization of text; and

10       (6) Legibility.

11       NEW SECTION.    **Sec. 6.** An insurer may comply with sections 4 and 5  
12 of this act for not more than twelve months following the  
13 implementation date established by the commissioner by providing to the  
14 policyholder an outline of coverage or a brochure instead of a  
15 simplified policy. This outline or brochure must comply with section  
16 5 of this act.

17       NEW SECTION.    **Sec. 7.** (1) The commissioner may adopt rules  
18 implementing sections 4 and 5 of this act.

19       (2) The commissioner has sole authority to enforce sections 1  
20 through 8 of this act or seek remedies for violations.

21       NEW SECTION.    **Sec. 8.** (1) The requirements of any other laws that  
22 specify the language or content of any policy may be met by providing  
23 a policy that complies with section 5 of this act. However, it must  
24 provide protection which, considered as a whole, is not less favorable  
25 to the insured than is required by those other laws.

26       (2) Policies issued to comply with section 5 of this act need not  
27 be countersigned by a licensed resident agent.

28       NEW SECTION.    **Sec. 9.** Sections 1 through 8 of this act may be  
29 known and cited as the property and casualty insurance policy  
30 simplification act.

31       NEW SECTION.    **Sec. 10.** Sections 1 through 9 of this act are each  
32 added to chapter 48.18 RCW.

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