
SENATE BILL 5428

State of Washington

54th Legislature

1995 Regular Session

By Senators Fraser, Pelz, Fairley, Prentice and Kohl; by request of Insurance Commissioner

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

1 AN ACT Relating to declinations or terminations of automobile
2 insurance applications or policies; and adding a new section to chapter
3 48.30 RCW.

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

5 NEW SECTION. **Sec. 1.** A new section is added to chapter 48.30 RCW
6 to read as follows:

7 (1) As used in this section:

8 (a) "Decline or declination" means either the refusal of an insurer
9 to issue an automobile insurance policy upon receipt of a written
10 nonbinding application or written request for coverage from its agent
11 or an applicant, or the refusal of an agent or broker to transmit to an
12 insurer a written nonbinding application or written request for
13 coverage received from an applicant. For the purposes of this section,
14 the offering of insurance coverage with a company within an insurance
15 group that is different from the company requested on the nonbinding
16 application or written request for coverage, or the offering of policy
17 coverage or rates substantially less favorable than requested in the
18 nonbinding application or written request for coverage, shall be
19 considered a declination.

1 (b) "Automobile insurance policy" means a policy delivered or
2 issued for delivery in this state, insuring a natural person as named
3 insured, or one or more individual residents of the same household, and
4 under which the insured vehicles designated in the policy are of the
5 following types only:

6 (i) An individually owned motor vehicle as defined in RCW 48.18.297
7 that is not used as a public or livery conveyance for passengers, nor
8 rented to others; or

9 (ii) Any other four-wheel motor vehicle with a load capacity of one
10 thousand five hundred pounds or less that is not rated by the insurer
11 as a commercial motor vehicle whether or not used in the occupation,
12 profession, or business of the insured.

13 (c) "Termination" means, but is not limited to, the cancellation or
14 refusal to renew an insurance policy, except for nonpayment of
15 premiums.

16 (2)(a) Except as provided in (b) of this subsection, upon declining
17 an application or written request for an automobile insurance policy
18 subject to this section the insurer, agent, or broker making the
19 declination shall provide to the insurance applicant, in writing and at
20 the time of declination, all the specific reasons for the declination.

21 (b) In the event of a declination by an insurer of a risk submitted
22 by an agent or broker on behalf of the applicant, the insurer shall
23 provide the agent or broker with all the specific written reasons for
24 the declination. In the event the agent or broker is unable to effect
25 insurance for the applicant through an admitted insurer other than a
26 residual market mechanism, the agent or broker shall submit all the
27 specific written reasons to the applicant for all those declinations.

28 (c) An agent, broker, or insurer not represented by an agent or
29 broker, shall provide an insurance application form or other means of
30 making a written request for insurance to a prospective applicant who
31 requests insurance coverage from the agent, broker, or insurer.

32 (3) The declination of an application for, or the termination of,
33 a policy of automobile insurance subject to this section by an insurer,
34 agent, or broker is prohibited if the declination or termination is
35 based on (a) through (j) of this subsection as follows:

36 (a) Upon the age, sex, or marital status or sexual orientation of
37 an applicant or an insured;

1 (b) Upon the fact that the applicant or named insured previously
2 obtained insurance coverage through a residual market insurance
3 mechanism or any other particular insurance carrier;

4 (c) Upon the fact that another insurer previously declined to
5 insure the applicant or terminated an existing policy in which the
6 applicant was the named insured;

7 (d) Upon the fact that the applicant had no prior insurance or
8 concurrent insurance;

9 (e) Upon applicant or insured's credit history;

10 (f) Upon any number of nonmoving traffic violations, or, a single
11 traffic infraction;

12 (g) Upon employment history of applicant or insured;

13 (h) Upon only one traffic accident per insured driver within the
14 last three years;

15 (i) Upon age of vehicle where liability insurance is concerned; or

16 (j) Upon the insured's or applicant's number of years at a given
17 address.

18 This subsection does not prohibit rating differentials otherwise
19 permitted by law.

--- END ---