

# HOUSE BILL REPORT

## HB 2549

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### As Reported by House Committee On:

Financial Institutions & Insurance

**Title:** An act relating to renewing contracts of insurance that are subject to RCW 48.18.290.

**Brief Description:** Renewing contracts of insurance that are subject to RCW 48.18.290.

**Sponsors:** Representatives McIntire, Benson and Kenney; by request of Insurance Commissioner.

### Brief History:

#### Committee Activity:

Financial Institutions & Insurance: 2/1/02, 2/5/02 [DP].

#### Brief Summary of Bill

- Eliminates the policy renewal requirement for an insurance policy expressly stating that the policy is not renewable.

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### HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

**Majority Report:** Do pass. Signed by 11 members: Representatives Cooper, Chair; McIntire, Vice Chair; Benson, Ranking Minority Member; Barlean, Cairnes, Hatfield, Mielke, Miloscia, Roach, Santos and Simpson.

**Staff:** Thamas Osborn (786-7129).

### Background:

Subject to specified exceptions, the insurance code requires that insurance contracts be renewable. An insurer may be excepted from this requirement if it provides the insured with written notice of the refusal to renew at least 45 days prior to the expiration of the policy. The written notice must include a statement explaining the reason for non-renewal.

There are types of limited-duration insurance policies that are intended to be in effect for only a single term and for which the renewal requirement is irrelevant. Examples of such policies include those related to the insuring of a single event, such as an airline

flight or musical performance. Current law, however, requires that the non-renewal notice be provided with respect to such policies, even though the insured never contemplated renewal at the time the insurance contract was initiated.

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**Summary of Bill:**

An insurer need not provide advance written notice of non-renewal with respect to an insurance contract that explicitly states that it is for a single term and thus not renewable.

Technical amendments are made for the purpose of clarifying existing terminology.

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**Appropriation:** None.

**Fiscal Note:** Not Requested.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** The Office of the Insurance Commissioner encourages the committee to pass the bill. This is essentially a technical cleanup bill that eliminates an unnecessary practice.

**Testimony Against:** None.

**Testified:** Representative Jim McIntire, prime sponsor; and Carrie Tellefson, Office of the Insurance Commissioner.