
HOUSE BILL 2772

State of Washington

57th Legislature

2002 Regular Session

By Representatives Clements, Armstrong, Linville, Grant and Boldt

Read first time 01/28/2002. Referred to Committee on Agriculture & Ecology.

1 AN ACT Relating to disclosing information about crop insurance;
2 adding a new section to chapter 48.01 RCW; adding a new section to
3 chapter 48.17 RCW; creating a new section; and prescribing penalties.

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

5 NEW SECTION. **Sec. 1.** (1) The legislature finds that agriculture
6 is vital to the history, economy, culture, and future of Washington
7 state. The promotion of agriculture requires that farmers have access
8 to reasonably priced insurance to protect against the risk of financial
9 losses resulting from crop damage or failure. The private insurance
10 market does not offer affordable insurance that protects against all of
11 the risks faced by farmers with respect to their crops. Accordingly,
12 farmers must rely on federal crop insurance corporation programs to
13 stabilize farm finances when crops are damaged by weather or natural
14 disaster. These programs allow farmers to pay a nominal administrative
15 fee in order to obtain some coverage against risks, but farmers often
16 have to turn to the private market in order to obtain additional
17 insurance that may be needed. The programs are federally regulated
18 but the policies themselves are sold by agents who are licensed by the
19 insurance commissioner.

1 (2) The legislature finds that the terms of the insurance programs
2 administered by the federal crop insurance corporation are complex and
3 that farmers are often not provided with information sufficient to make
4 informed decisions about the suitability of the insurance that is
5 offered.

6 (3) The legislature declares that it is in the public interest that
7 farmers be fully informed as to the coverages, limitations, and
8 exclusions of crop insurance, and that therefore the sellers of this
9 insurance should be required to provide detailed and comprehensive
10 disclosures regarding the terms of the insurance.

11 (4) The legislature declares that the insurance commissioner should
12 be granted the authority necessary to adopt rules establishing
13 disclosure standards for the sale of crop insurance.

14 NEW SECTION. **Sec. 2.** A new section is added to chapter 48.01 RCW
15 to read as follows:

16 (1) For the purposes of this section:

17 (a) "Crop insurance" means any policy of insurance relating to the
18 loss or damage of agricultural crops resulting from weather, pests,
19 natural disasters, or other causes; and

20 (b) "Insurance transaction" has the same meaning as defined in RCW
21 48.01.060.

22 (2) An insurer, agent, solicitor, or broker shall comply with the
23 following procedures with respect to any insurance transaction related
24 to a crop insurance policy:

25 (a) Each applicant for insurance coverage shall be provided with a
26 written disclosure statement that clearly describes the terms of the
27 policy in accordance with the disclosure requirements established by
28 the commissioner under subsection (3) of this section;

29 (b) The disclosure statement must be signed by the applicant and
30 the applicant shall receive a copy of the signed document;

31 (c) A copy of the signed disclosure statement shall be forwarded to
32 the insurer providing the crop insurance coverage;

33 (d) The insurer shall verify that the disclosure statement has been
34 signed by the applicant and that the form and substance of the
35 statement comply with the requirements established by the commissioner
36 under subsection (3) of this section; and

1 (e) The insurer shall retain a copy of the signed disclosure
2 statement for a period of not less than three years from the effective
3 date of the insurance coverage.

4 (3) The commissioner shall adopt rules specifying the content and
5 format of the disclosure statement required under this section.

6 (4) Failure to comply with the requirements of this section is an
7 unfair method of competition and an unfair or deceptive act or practice
8 and the commissioner shall pursue the remedies and penalties under RCW
9 48.30.010.

10 NEW SECTION. **Sec. 3.** A new section is added to chapter 48.17 RCW
11 to read as follows:

12 Every insurer, agent, solicitor, or broker shall comply with
13 section 2 of this act.

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