

SHB 2322 - S COMM AMD

By Committee on Financial Institutions & Insurance

NOT ADOPTED 03/02/2018

1 Strike everything after the enacting clause and insert the
2 following:

3 "NEW SECTION. **Sec. 1.** The legislature finds that allowing
4 property insurers to assist their insureds with either risk
5 mitigation or prevention, or both, and goods and services could help
6 prevent, or reduce the severity of claims and losses. The legislature
7 further finds that property insurers engage in supporting insureds
8 through disaster response activities when there is an imminent threat
9 of damage to insured property, such as wildfire prevention defense
10 efforts that provide fire retardants to homes in a wildfire area or
11 send crews to combat wildfires to protect insureds' homes. The
12 legislature further finds that assisting insureds with risk
13 mitigation and prevention and providing disaster response activities
14 are both useful in preventing economic loss, and should be exempt
15 from the prohibition against inducements under RCW 48.30.140 and
16 48.30.150.

17 NEW SECTION. **Sec. 2.** A new section is added to chapter 48.18
18 RCW to read as follows:

19 (1) With the prior approval of the commissioner, a property
20 insurer may include the following goods and services intended to
21 reduce either the probability of loss, or the extent of loss, or
22 both, from a covered event as part of a policy of property insurance,
23 except commercial property insurance:

- 24 (a) Goods, including a water monitor;
- 25 (b) Foundation strapping to mitigate losses due to earthquake;
- 26 (c) Ongoing services, including home safety monitoring or brush
27 clearing to mitigate losses due to wildfire; and
- 28 (d) Other goods and services as the commissioner may identify by
29 rule.

30 (2) Any goods provided are owned by the insured, even if the
31 insurance is subsequently canceled.

1 (3) The value of goods and services to be provided is limited to
2 one thousand five hundred dollars in value in the aggregate in any
3 twelve-month period.

4 (4) In order to receive prior approval of the commissioner, and
5 except as provided in subsection (6) of this section, the property
6 insurer must include the following in its rate filing:

7 (a) A description of either the specific goods or services, or
8 both, to be offered;

9 (b) A description of the method of delivering either the specific
10 goods or services, or both, being offered; and

11 (c) The selection criteria for insureds receiving either the
12 specific goods or services, or both, being offered.

13 (5) This section does not require the commissioner to approve any
14 particular proposed benefit. The commissioner may disapprove any
15 proposed noninsurance benefit that the commissioner determines may
16 tend to promote or facilitate the violation of any other section of
17 this title. However, if the commissioner approves the inclusion of
18 the goods and services in a policy of property insurance, except
19 commercial property insurance, it does not constitute a violation of
20 RCW 48.30.140 or 48.30.150.

21 (6)(a) A property insurer may conduct a pilot program as either a
22 risk mitigation or prevention, or both, strategy through which the
23 insurer offers or provides either risk mitigation or prevention, or
24 both, or goods and services identified in subsection (1) of this
25 section in connection with an insurance policy covering property
26 risks, except commercial property insurance, in accordance with rules
27 adopted by the commissioner.

28 (b) A property insurer offering or providing either risk
29 mitigation or prevention, or both, or goods and services through a
30 pilot program under this subsection is exempt from including
31 information about either the risk mitigation or prevention, or both,
32 or goods and services in its rate filing as is otherwise required
33 under subsection (4) of this section and section 3 of this act.

34 (c) A property insurer's pilot program may last no longer than
35 two years.

36 (7) This section does not apply to a disaster or emergency
37 response program of a property insurer.

38 NEW SECTION. **Sec. 3.** A new section is added to chapter 48.19
39 RCW to read as follows:

1 (1) Except as provided in subsection (2) of this section, in
2 addition to other information required by this chapter, a rate filing
3 by a property insurer for a policy, except commercial property
4 insurance, that includes either risk mitigation or prevention, or
5 both, or goods and services under section 2 of this act, must
6 demonstrate that its rates account for the expected costs of the
7 goods and services and the reduction in expected claims costs
8 resulting from the goods and services.

9 (2) This section does not apply to:

10 (a) A property insurer offering or providing either risk
11 mitigation or prevention, or both, or goods and services through a
12 pilot program established in section 2(6) of this act; or

13 (b) A disaster or emergency response program of a property
14 insurer.

15 NEW SECTION. **Sec. 4.** A new section is added to chapter 48.18
16 RCW to read as follows:

17 The commissioner may adopt rules as necessary to implement
18 sections 2 and 3 of this act, including but not limited to:

19 (1) Rules requiring a notice to insureds or potential insureds
20 regarding their ability to opt out of receiving any risk mitigation
21 or prevention, or both, or goods and services;

22 (2) Rules increasing the value of the goods and services
23 permitted under section 2(1) of this act;

24 (3) Rules establishing requirements for pilot programs authorized
25 under section 2(6) of this act; and

26 (4) Rules identifying which insurer disaster response activities
27 are exempt from sections 2 and 3 of this act and RCW 48.30.140 and
28 48.30.150."

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29 On page 1, line 1 of the title, after "insurance;" strike the
30 remainder of the title and insert "adding new sections to chapter
31 48.18 RCW; adding a new section to chapter 48.19 RCW; and creating a
32 new section."

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