
SENATE BILL 5495

State of Washington

69th Legislature

2025 Regular Session

By Senators Saldaña, Warnick, Nobles, and Valdez

Read first time 01/27/25. Referred to Committee on Business,
Financial Services & Trade.

1 AN ACT Relating to limitation of liability in life insurance
2 policies; amending RCW 48.23.260 and 48.34.090; creating a new
3 section; and providing an effective date.

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

5 **Sec. 1.** RCW 48.23.260 and 1947 c 79 s .23.26 are each amended to
6 read as follows:

7 (1) The insurer may in any life insurance policy or annuity or
8 pure endowment contract limit its liability to a determinable amount
9 not less than the full reserve of the policy and of dividend
10 additions thereto in event only of death occurring:

11 (a) As a result of war, or any act of war, declared or
12 undeclared, or of service in the military, naval or air forces or in
13 civilian forces auxiliary thereto, or from any cause while a member
14 of any such military, naval or air forces of any country at war,
15 declared or undeclared.

16 (b) As a result of suicide of the insured, whether sane or
17 insane, within (~~two years~~) one year from date of issue of the
18 policy.

19 (c) As a result of aviation under conditions specified in the
20 policy.

1 (2) An insurer may specify conditions pertaining to the items of
2 subsection (1) of this section which in the commissioner's opinion
3 are more favorable to the policyholder.

4 **Sec. 2.** RCW 48.34.090 and 1975 1st ex.s. c 266 s 13 are each
5 amended to read as follows:

6 (1) All credit life insurance and credit accident and health
7 insurance shall be evidenced by an individual policy, or in the case
8 of group insurance by a certificate of insurance, which individual
9 policy or group certificate of insurance shall be delivered to the
10 debtor.

11 (2) Each individual policy or group certificate of credit life
12 insurance, and/or credit accident and health insurance shall, in
13 addition to other requirements of law, set forth the name and home
14 office address of the insurer, the name or names of the debtor or in
15 the case of a certificate under a group policy, the identity by name
16 or otherwise of the debtor, the premium or amount of payment, if any,
17 by the debtor separately for credit life insurance and credit
18 accident and health insurance, a description of the coverage
19 including the amount and term thereof, and any exceptions,
20 limitations and restrictions, and shall state that the benefits shall
21 be paid to the creditor to reduce or extinguish the unpaid
22 indebtedness and, wherever the amount of insurance exceeds the unpaid
23 indebtedness, that any such excess shall be payable to a beneficiary,
24 other than the creditor, named by the debtor or to the debtor's
25 estate. With respect to any policy issued after (~~September 8, 1975~~)
26 January 1, 2026, credit life insurance shall not be subject to any
27 exceptions or reductions other than for fraud, or for suicide
28 occurring within (~~two years~~) one year of the effective date of the
29 insurance.

30 (3) The individual policy or group certificate of insurance shall
31 be delivered to the insured debtor at the time the indebtedness is
32 incurred except as provided in subsections (4) and (5).

33 (4) If such individual policy or group certificate of insurance
34 is not delivered to the debtor at the time the indebtedness is
35 incurred, a copy of the application for such policy or a notice of
36 proposed insurance, signed by the debtor and setting forth the name
37 and home office address of the insurer; the name or names of the
38 debtor; the premium or amount of payment by the debtor, if any,
39 separately for credit life insurance and credit accident and health

1 insurance; the amount, term and a brief description of the coverage
2 provided, shall be delivered to the debtor at the time such
3 indebtedness is incurred. The copy of the application for, or notice
4 of proposed insurance, shall also refer exclusively to insurance
5 coverage, and shall be separate and apart from the loan, sale or
6 other credit statement of account, instrument, or agreement, or the
7 application for any such loan, sale or credit, unless the information
8 required by this subsection is prominently set forth therein under a
9 descriptive heading which shall be underlined and printed in capital
10 letters. Upon acceptance of the insurance by the insurer and within
11 thirty days of the date upon which the indebtedness is incurred, the
12 insurer shall cause the individual policy or group certificate of
13 insurance to be delivered to the debtor. The application or notice of
14 proposed insurance shall state that upon acceptance by the insurer,
15 the insurance shall become effective as provided in RCW 48.34.080.

16 (5) If the named insurer does not accept the risk, then the
17 debtor shall receive a policy or certificate of insurance setting
18 forth the name and home office address of the substituted insurer and
19 the amount of the premium to be charged, and if the amount of premium
20 is less than that set forth in the notice of proposed insurance an
21 appropriate refund shall be made.

22 NEW SECTION. **Sec. 3.** This act takes effect January 1, 2026.

23 NEW SECTION. **Sec. 4.** This act applies to life insurance
24 policies issued or renewed on or after the effective date of this
25 section.

--- END ---