

SENATE BILL REPORT

SB 5427

As of January 30, 1995

Title: An act relating to the simplification and improved clarity of property and casualty insurance policies.

Brief Description: Simplifying property and casualty insurance.

Sponsors: Senators Kohl, Pelz, Fairley and Prentice; by request of Insurance Commissioner.

Brief History:

Committee Activity: Financial Institutions & Housing: 1/31/95.

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS & HOUSING

Staff: David Cheal (786-7576)

Background: Homeowners' insurance, fire insurance and personal auto insurance policies are sometimes difficult to read and understand due to problems in legibility and complexity of the writing style.

Summary of Bill: Insurance policies which cover homeowners' insurance, dwelling fire insurance on one to four family units, or individual fire insurance dwelling contents, or personal auto insurance, must be simplified, taking into consideration the following factors: (1) use of simple sentence structure and short sentences; (2) use of commonly understood words; (3) avoidance of technical legal terms whenever possible; (4) minimal reference to other sections or provisions of the policy; (5) organization of text; and (6) legibility.

The Insurance Commissioner is given the authority to adopt rules which specify the date for compliance with the act, as well as rules which further define the standards.

The commissioner is also given authority to specify other types of policies that must comply with the standards of this act.

The requirements of other laws that specify language or content may be met by complying with the standards of this act, so long as the product considered as a whole is at least as favorable to the insured as required by those other laws.

For up to 12 months following the implementation date established by the commissioner, an insurer may comply by providing a brochure or outline of coverage instead of a simplified policy. The outline or brochure must comply with the simplicity standards of the act.

Appropriation: None.

Fiscal Note: Not requested.

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