**2322-S AMS FI S5328.1 - NOT FOR FLOOR USE**

**SHB 2322** - S COMM AMD

By Committee on Financial Institutions & Insurance

**NOT ADOPTED 03/02/2018**

Strike everything after the enacting clause and insert the following:

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

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

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

(a) Goods, including a water monitor;

(b) Foundation strapping to mitigate losses due to earthquake;

(c) Ongoing services, including home safety monitoring or brush clearing to mitigate losses due to wildfire; and

(d) Other goods and services as the commissioner may identify by rule.

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

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

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

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

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

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

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

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

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

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

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

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

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

(2) This section does not apply to:

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

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

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

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

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

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

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

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

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