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**SUBSTITUTE HOUSE BILL 2322**

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**State of Washington 65th Legislature 2018 Regular Session**

**By** House Business & Financial Services (originally sponsored by Representatives Stanford, Kirby, Vick, Barkis, McDonald, and Ryu; by request of Insurance Commissioner)

AN ACT Relating to risk mitigation in property insurance; adding new sections to chapter 48.18 RCW; adding a new section to chapter 48.19 RCW; and creating a new section.

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

NEW SECTION. **Sec.**  The legislature finds that property insurers engage in supporting insureds through disaster response activities, such as providing fire retardants to homes in a wildfire area or sending crews to combat wildfires to protect insureds' homes. In addition to these efforts, the legislature finds that allowing property insurers to assist their insureds with either risk mitigation goods or services, or both, could help prevent, or reduce the severity of claims and losses.

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 personal 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 personal 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) Such 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 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 personal 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 such goods and services in a policy of property insurance, it does not constitute a violation of RCW 48.30.140 or 48.30.150.

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

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

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

(7) This section does not apply to a disaster response program of a personal 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 personal property insurer for a policy that includes risk mitigation 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 personal property insurer offering or providing risk mitigation goods and services through a pilot program established in section 2(6) of this act; or

(b) A disaster response program of a personal 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 rules requiring a notice to insureds or potential insureds regarding their ability to opt out of receiving any risk mitigation goods or services, rules establishing requirements for pilot programs authorized under section 2(6) of this act, and rules identifying which insurer disaster response programs are exempt from sections 2 and 3 of this act.

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