

SHB 2322 - S AMD 811
By Senator Mullet

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 risk mitigation
5 and/or prevention goods and/or services could help prevent, or reduce
6 the severity of claims and losses. The legislature further finds that
7 property insurers engage in supporting insureds through disaster or
8 emergency response activities when there is an imminent threat of
9 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 or emergency
14 response activities are both useful in preventing economic loss, and
15 should be exempt from the prohibition against inducements under RCW
16 48.30.140 and 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 either goods or services, or both,
21 intended to reduce either the probability of loss, or the extent of
22 loss, or both, from a covered event as part of a policy of property
23 insurance, 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 either goods or services, or both, as the commissioner
29 may identify by 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 either the goods or services, or both, in a policy of property
19 insurance, except commercial property insurance, it does not
20 constitute a violation of 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 risk mitigation and/or prevention goods
24 and/or services identified in subsection (1) of this section in
25 connection with an insurance policy covering property risks, except
26 commercial property insurance, in accordance with rules adopted by
27 the commissioner.

28 (b) A property insurer offering or providing risk mitigation
29 and/or prevention goods and/or services through a pilot program under
30 this subsection is exempt from including information about the risk
31 mitigation and/or prevention goods and/or services in its rate filing
32 as is otherwise required under subsection (4) of this section and
33 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 disaster or emergency response
37 activities 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 risk mitigation and/or prevention goods
5 and/or services under section 2 of this act, must demonstrate that
6 its rates account for the expected costs of the goods and services
7 and the reduction in expected claims costs resulting from either the
8 goods or services, or both.

9 (2) This section does not apply to:

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

13 (b) Disaster or emergency response activities 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 and/or prevention goods and/or services;

22 (2) Rules increasing the value of either the goods or services,
23 or both, 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 or emergency
27 response activities are exempt from sections 2 and 3 of this act and
28 RCW 48.30.140 and 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."

EFFECT: Provides clarifying and technical changes that property insurers may include either goods, services, or both, to assist customers with risk mitigation and/or prevention.

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