

# SENATE BILL REPORT

## SB 5082

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As of January 31, 2017

**Title:** An act relating to requiring the owner of a rental property or condominium to certify compliance with fire safety requirements prior to obtaining insurance for the premises.

**Brief Description:** Requiring the owner of a rental property or condominium to certify compliance with fire safety requirements prior to obtaining insurance for the premises.

**Sponsors:** Senator Pearson.

**Brief History:**

**Committee Activity:** Financial Institutions & Insurance: 1/31/17.

**Brief Summary of Bill**

- Requires an owner of commercial or rental property or a condominium association to certify to an insurer that the property is in compliance with laws and codes relating to the installation of fire equipment.
- Prohibits an insurer from issuing a condominium insurance policy unless the condominium association certifies compliance.

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### SENATE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

**Staff:** Aldo Melchiori (786-7439)

**Background:** Under the Washington Condominium Act, a condominium association must maintain, to the extent reasonably available:

- property insurance on the condominium, which may, but need not, include equipment, improvements, and betterments in a unit installed by the declarant or the unit owners, insuring against all risks of direct physical loss commonly insured against; and
- liability insurance, including medical payments insurance, in an amount determined by the board of directors, covering all occurrences commonly insured against for death, bodily injury, and property damage arising out of or in connection with the use, ownership, or maintenance of the common elements.

Each unit owner is an insured person under the policy with respect to liability arising out of the owner's interest in the common elements or membership in the association. An insurance

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policy issued to the association does not prevent a unit owner from obtaining insurance for the owner's own benefit. If, at the time of a loss, there is other insurance in the name of a unit owner covering the same risk covered by the policy, the association's policy provides primary insurance.

**Summary of Bill:** Before issuing or renewing an insurance policy to the owner of commercial or residential rental property or a condominium for coverage of the premises, an insurer must require the owner or condominium association to certify that they have complied with all applicable laws and building codes relating to the installation of smoke detectors, sprinklers, and fire alarms. For condominiums, this applies to the common elements of the premises.

An insurer may not issue an insurance policy to a condominium association unless the association has certified that the condominium is in compliance with all applicable laws and building codes relating to the installation of sprinklers, smoke detectors, and fire alarms in the common elements of the premises.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Creates Committee/Commission/Task Force that includes Legislative members:** No.

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

**Staff Summary of Public Testimony:** PRO: It is already state law to comply with fire safety laws, but some bad actors do not supply smoke detectors. Smoke alarms save peoples' lives. There is no enforcement mechanism against irresponsible landlords. Many homeowners already certify to insurers that they have security systems and this has not caused problems. This will provide a level of certainty and security that renters will welcome.

CON: How can an insurer be certain that a certification is valid? Insurers do not routinely inspect condominiums before issuing policies. It would be simpler to just enforce current law. This might create a duty for insurers to confirm compliance.

**Persons Testifying:** PRO: Senator Kirk Pearson, Prime Sponsor; Colleen Rowe, Gibby Home Fire Prevention; Gerry Gibson, Gibby Home Fire Prevention; Chris Hendrickson, citizen.

CON: Jean Leonard, NAMIC, State Farm; Robert Bradley, WSAFM.

**Persons Signed In To Testify But Not Testifying:** No one.