

SENATE BILL REPORT

SB 5053

As of January 17, 2023

Title: An act relating to adding sublimits of coverage to an insurance policy's declaration page.

Brief Description: Adding sublimits of coverage to an insurance policy's declaration page.

Sponsors: Senators Wellman, Keiser, Kuderer, Nobles and Saldaña.

Brief History:

Committee Activity: Business, Financial Services, Gaming & Trade: 1/17/23.

<p>Brief Summary of Bill</p> <ul style="list-style-type: none">• Requires a statement to be included on the declarations page of residential insurance policies regarding sublimits of coverage.

SENATE COMMITTEE ON BUSINESS, FINANCIAL SERVICES, GAMING & TRADE

Staff: Kellee Gunn (786-7429)

Background: Insurance Contract. An insurance policy is a contract between the insured and the insurance company that establishes what the company agrees to do in exchange for the premium paid by the insured. The contract also describes the insured's responsibilities and general terms of coverage. The contract is divided into a declarations page and the policy itself.

Declarations Page. The declarations page, commonly referred to as a dec sheet, includes basic details of the insurance contract and typically includes the policy number, the effective dates, the address of the insured property, the mortgage holder, the coverages, coverage limits, the premium, and any discounts.

Insurance Policy and Limits of Coverage. The insurance policy is the entire insurance contract, and includes the insuring agreements, definitions, and conditions. For a

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homeowner's insurance policy, a description of the property coverage and the loss it covers, as well as liability coverage, will be provided. There may be an exclusions section of the policy, which outlines specific coverages or perils not covered by the policy. Typically flood and earthquake coverage are excluded from homeowners and renter's policies unless purchased as an endorsement or rider. An endorsement or rider addresses issues or items not in the original contract and can be added to a homeowner or renter's policy, life insurance policy, or auto insurance policy.

Insurance policies may also have limits of coverage providing the insured the largest dollar amount covered for different types of losses, and sublimits which further limit that coverage. For example, a policy may have a dollar limit for personal property, with an additional limit within that amount for certain items, such as computers.

Summary of Bill: The declarations page on residential policies must include a statement that the policy may limit the amount of coverage available for certain losses, and that the insured should review the policy carefully. The entire declarations page must be delivered to the insured at every policy renewal. Surplus lines insurance policies are exempt from this requirement.

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: OTHER: This bill is about providing information to insured people, to communicate that the coverage they have is fitting their lifestyle. We are not opposed to the legislation today. We did have concerns about the original language. There may be more than 30 sublimits in any single property insurance policy. There is a cost to companies to make changes to their customer's dec sheets and the language of the proposed bill does require a new dec page at every renewal. Some residential policies may be renewed more than annually. We suggest language added to the bill to ensure this could be provided by electronic delivery.

Persons Testifying: OTHER: Jean Leonard, WA Insurers, Nationwide Insurance, and State Farm Insurance; Kenton Brine, NW Insurance Council.

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