

SENATE BILL REPORT

SB 6081

As of January 23, 2024

Title: An act relating to plain language requirements for consumer contracts.

Brief Description: Providing plain language requirements for consumer contracts.

Sponsors: Senators Kuderer, Stanford, Dhingra, Liias, Salomon, Shewmake, Valdez, Wellman, Wilson, C. and Wilson, J..

Brief History:

Committee Activity: Law & Justice: 1/23/24.

Brief Summary of Bill

- Requires every consumer contract and insurance contract to be written in plain language and be appropriately divided and captioned by its various sections.
- Establishes civil penalties and other relief for violation of the plain language requirement.

SENATE COMMITTEE ON LAW & JUSTICE

Staff: Ryan Giannini (786-7285)

Background: Washington Consumer Protection Act. The Consumer Protection Act (CPA) prohibits unfair methods of competition or unfair or deceptive practices in the conduct of any trade or commerce. The attorney general is authorized to investigate and prosecute claims under the CPA on behalf of the state or individuals in the state. A person injured by a violation of the CPA may bring a civil action for injunctive relief, recovery of actual damages, and reasonable attorneys' fees. The courts may increase awarded damages up to three times the actual damages sustained.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

Office of the Insurance Commissioner. The Office of the Insurance Commissioner (OIC) provides oversight to the insurance industry in Washington through insurance producer and insurance company licensing. The OIC also reviews and approves the insurance products that carriers and insurers sell, making sure policies conform to state laws and regulations.

Summary of Bill: The bill as referred to committee not considered.

Summary of Bill (Proposed Substitute): Every consumer contract and insurance contract must be written in plain language and be appropriately divided and captioned by the contract's various sections.

Exceptions to the plain language requirement include any standards of readability required by a federal or state law; and specific words or phrases required, recommended, or endorsed by a federal or state law. Consumer contracts and insurance contracts may include customary technical terms to describe services or property.

Any violation of the plain language requirement for consumer contracts is an unfair or deceptive act under the CPA. The insurance commissioner may take action under the insurance code for any violation of the plain language requirement for insurance contracts.

A court is allowed to reform or limit a provision to avoid an unfair result if:

- a material provision of the contract violates the plain language requirement;
- the violation caused the consumer to be confused about the contract; and
- the violation has caused or is likely to cause financial detriment to the consumer.

Any claim for violation of the plain language requirement for consumer contracts must be raised within six years of the contract execution date. Any claim for the violation of the plain language requirement for insurance contracts must be raised within six years of the contract execution date or a covered event. Any consumer contract or insurance contract executed before the effective date of this act is not affected, unless such a contract is renewed after the effective date of this act.

Appropriation: None.

Fiscal Note: Available.

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

Effective Date: The bill takes effect on January 1, 2027.