
SUBSTITUTE HOUSE BILL 2322

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)

READ FIRST TIME 01/18/18.

1 AN ACT Relating to risk mitigation in property insurance; adding
2 new sections to chapter 48.18 RCW; adding a new section to chapter
3 48.19 RCW; and creating a new section.

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

5 NEW SECTION. **Sec. 1.** The legislature finds that property
6 insurers engage in supporting insureds through disaster response
7 activities, such as providing fire retardants to homes in a wildfire
8 area or sending crews to combat wildfires to protect insureds' homes.
9 In addition to these efforts, the legislature finds that allowing
10 property insurers to assist their insureds with either risk
11 mitigation goods or services, or both, could help prevent, or reduce
12 the severity of claims and losses.

13 NEW SECTION. **Sec. 2.** A new section is added to chapter 48.18
14 RCW to read as follows:

15 (1) With the prior approval of the commissioner, a personal
16 property insurer may include the following goods and services
17 intended to reduce either the probability of loss, or the extent of
18 loss, or both, from a covered event as part of a policy of personal
19 property insurance:

20 (a) Goods, including a water monitor;

1 (b) Foundation strapping to mitigate losses due to earthquake;
2 (c) Ongoing services, including home safety monitoring or brush
3 clearing to mitigate losses due to wildfire; and
4 (d) Such other goods and services as the commissioner may
5 identify by rule.

6 (2) Any goods provided are owned by the insured, even if the
7 insurance is subsequently canceled.

8 (3) The value of goods and services to be provided is limited to
9 one thousand dollars in value in the aggregate in any twelve-month
10 period.

11 (4) In order to receive prior approval of the commissioner, and
12 except as provided in subsection (6) of this section, the personal
13 property insurer must include the following in its rate filing:

14 (a) A description of either the specific goods or services, or
15 both, to be offered;

16 (b) A description of the method of delivering either the specific
17 goods or services, or both, being offered; and

18 (c) The selection criteria for insureds receiving either the
19 specific goods or services, or both, being offered.

20 (5) This section does not require the commissioner to approve any
21 particular proposed benefit. The commissioner may disapprove any
22 proposed noninsurance benefit that the commissioner determines may
23 tend to promote or facilitate the violation of any other section of
24 this title. However, if the commissioner approves the inclusion of
25 such goods and services in a policy of property insurance, it does
26 not constitute a violation of RCW 48.30.140 or 48.30.150.

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

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

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

1 (7) This section does not apply to a disaster response program of
2 a personal property insurer.

3 NEW SECTION. **Sec. 3.** A new section is added to chapter 48.19
4 RCW to read as follows:

5 (1) Except as provided in subsection (2) of this section, in
6 addition to other information required by this chapter, a rate filing
7 by a personal property insurer for a policy that includes risk
8 mitigation goods and services under section 2 of this act, must
9 demonstrate that its rates account for the expected costs of the
10 goods and services and the reduction in expected claims costs
11 resulting from the goods and services.

12 (2) This section does not apply to:

13 (a) A personal property insurer offering or providing risk
14 mitigation goods and services through a pilot program established in
15 section 2(6) of this act; or

16 (b) A disaster response program of a personal property insurer.

17 NEW SECTION. **Sec. 4.** A new section is added to chapter 48.18
18 RCW to read as follows:

19 The commissioner may adopt rules as necessary to implement
20 sections 2 and 3 of this act, including but not limited to rules
21 requiring a notice to insureds or potential insureds regarding their
22 ability to opt out of receiving any risk mitigation goods or
23 services, rules establishing requirements for pilot programs
24 authorized under section 2(6) of this act, and rules identifying
25 which insurer disaster response programs are exempt from sections 2
26 and 3 of this act.

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