

SB 5721 - S AMD 134

By Senator Stanford

ADOPTED 03/07/2025

1 Strike everything after the enacting clause and insert the
2 following:

3 "NEW SECTION. **Sec. 1.** A new section is added to chapter 48.18
4 RCW to read as follows:

5 (1) Every automobile insurance policy that includes first-party
6 coverage for physical damage issued or renewed effective on or after
7 January 1, 2026, must include a provision for the right to an
8 appraisal to resolve disputes between the insurer and the insured
9 regarding the actual cash value and amount of loss on the damaged
10 automobile. The appraisal clause must include the following language,
11 or corresponding language that the insurer certifies is at least as
12 favorable to the insured:

13 "If . . . (the insurance company) . . . and . . . (the
14 policyholder) . . . are unable to agree as to the amount of loss,
15 either party may make a written demand for an appraisal, and within
16 10 days each party shall select a competent and disinterested
17 appraiser and notify the other party of its selection.

18 The appraisers shall then each appraise the actual cash value and
19 the amount of loss, make separate findings regarding the amount of
20 loss for each element of loss, and exchange their completed
21 appraisals. If the appraisers are unable to agree on the losses, the
22 selected appraisers shall appoint a competent and disinterested
23 umpire and submit their differences to the umpire. If the appraisers
24 do not appoint a competent and disinterested umpire within 15 days,
25 either appraiser may notify the commissioner, and the commissioner
26 shall identify a registered competent and disinterested umpire that
27 will be used according to the process that the commissioner specifies
28 by rule.

29 The appraisers must make their appraisals within 30 calendar days
30 of selection. If an appraiser needs more than 30 days, the appraiser
31 shall provide a reasonable basis to the other appraiser before 25

1 days has passed. The appraiser must document the reason or reasons
2 for the extension in their file.

3 The amount of loss must be determined either by agreement of the
4 appraisers or by agreement of one appraiser and the umpire.

5 Each party is responsible for their appraisal expenses, and each
6 party is equally responsible for the cost of the umpire.

7 If the amount of loss determined through the appraisal process is
8 greater than the amount of loss . . . (the insurance company) . . .
9 adjusted before the appraisal process was invoked by an amount of
10 \$500 or more, . . . (the insurance company) . . . will
11 reimburse . . . (the policyholder) . . . for the costs incurred for
12 the appraisal process.

13 The appraisal process costs include reasonable appraiser
14 professional charges, reasonable attorneys' fees, and other necessary
15 actual costs."

16 (2) Neither party may demand an appraisal until 10 days after the
17 insurer receives notification of the claim.

18 (3) For purposes of this section, the following definitions
19 apply:

20 (a) "Appraiser" means a person selected by the insurer or the
21 insured to place a value on or estimate the amount of loss under an
22 appraisal clause in an insurance contract;

23 (b) "Competent" means the person has subject matter expertise,
24 relevant training, and experience to make decisions and valuations
25 relating to the amount of loss;

26 (c) "Disinterested" means the person does not have a direct
27 financial interest in the outcome of the appraisal process; and

28 (d) "Umpire" means a person selected by the appraisers
29 representing the insurer and the insured, or, if the appraisers
30 cannot agree, by the commissioner, who is charged with resolving
31 issues that the appraisers are unable to agree upon during the course
32 of an appraisal.

33 (4) The commissioner may adopt rules as necessary to implement
34 this section."

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1 On page 1, line 2 of the title, after "coverage;" strike the
2 remainder of the title and insert "and adding a new section to
3 chapter 48.18 RCW."

EFFECT: (1) Provides that appraisal clause language used as an alternative to the bill language must be certified by an insurer, rather than in the opinion of the Insurance Commissioner, to be at least as favorable to the insured.

(2) Specifies that each appraiser must appraise the actual cash value and the amount of loss.

(3) Specifies that appointment of an umpire is required only if the appraisers cannot agree on the losses.

(4) Extends the period, from 10 days to 15 days, before an appraiser can request an umpire appointed by the Office of the Insurance Commissioner if the appraisers do not appoint an umpire.

(5) Requires appraisers to make their appraisals within 30 calendar days of selection. Requires an appraiser who needs more time to provide a reasonable basis to the other appraiser before 25 days has passed and document the reason or reasons for the extension in their file.

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