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**SUBSTITUTE HOUSE BILL 2428**

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**State of Washington**

**69th Legislature**

**2026 Regular Session**

**By** House Consumer Protection & Business (originally sponsored by Representatives Leavitt, Reeves, and Parshley)

READ FIRST TIME 02/04/26.

1 AN ACT Relating to preventing unintentional lapses and  
2 cancellations of life insurance policies; amending RCW 48.23.030;  
3 adding a new section to chapter 48.23 RCW; creating a new section;  
4 and providing an effective date.

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

6 **Sec. 1.** RCW 48.23.030 and 1947 c 79 s .23.03 are each amended to  
7 read as follows:

8 (1) There shall be a provision that the insured is entitled to a  
9 grace period of one month, but not less than thirty days, within  
10 which the payment of any premium after the first may be made, subject  
11 at the option of the insurer to an interest charge not in excess of  
12 six percent per annum for the number of days of grace elapsing before  
13 the payment of the premium, during which period of grace the policy  
14 shall continue in force, but in case the policy becomes a claim  
15 during the grace period before the overdue premium is paid, or the  
16 deferred premiums of the current policy year, if any, are paid, the  
17 amount of such premium or premiums with interest thereon may be  
18 deducted in any settlement under the policy.

19 (2)(a) Except as provided in subsection (3) of this section, at  
20 least 30 days before the day on which coverage under an individual  
21 life insurance policy will lapse based on nonpayment of the premium,

1 the insurer must send a written notice of possible termination of  
2 coverage to:

3 (i) The policyholder at the policyholder's last known address;  
4 and

5 (ii) A third party designated on the account in accordance with  
6 section 2 of this act.

7 (b) An insurer must obtain and, upon request, demonstrate proof  
8 of delivery for each notice the insurer sends under (a) of this  
9 subsection. Proof of delivery for purposes of this subsection (2)(b)  
10 may include records sufficient to show that notices are sent first-  
11 class mail using an intelligent mail barcode, or a certified mail  
12 receipt, read-receipt for electronic delivery, or tracking  
13 confirmation from a shipping service.

14 (3) The requirements in subsection (2) of this section and  
15 section 2 of this act do not apply to:

16 (a) Group life insurance policies;

17 (b) Life insurance policies for which payment of premium is due  
18 monthly or more frequently;

19 (c) Term life insurance policies that have a term of one year or  
20 less.

21 NEW SECTION. Sec. 2. A new section is added to chapter 48.23  
22 RCW to read as follows:

23 (1)(a) Except as provided in subsection (4) of this section, an  
24 insurer that delivers or issues for delivery an individual life  
25 insurance policy in this state must notify the applicant for the  
26 policy, in writing at the time of application for the policy, of an  
27 applicant's right to designate a third party to receive notice of  
28 lapse or termination of the policy based on nonpayment of the  
29 premium.

30 (b) An applicant may make a designation described in (a) of this  
31 subsection at the time of application for the policy, or at any time  
32 the policy is in force, by submitting a written notice to the insurer  
33 containing the name and address of the third-party designee.

34 (2) In accordance with RCW 48.23.030(2), an insurer must transmit  
35 a copy of a notice of lapse or termination of the policy based on  
36 nonpayment of the premium to a third party designated in accordance  
37 with this section in addition to the transmission of the notice to  
38 the policyholder.

1           (3) (a) The designation of a third party under this section does  
2 not create or constitute acceptance of any duty or liability on the  
3 part of the third-party designee related to: (i) Informing or not  
4 informing the policyholder or any other person about a notice  
5 received by the third-party designee under this section; (ii) making  
6 a payment of any premium on behalf of the policyholder; (iii)  
7 compensating the policyholder, beneficiary, or any other person in  
8 relation to a lapse or cancellation of a life insurance policy; or  
9 (iv) taking any lawful action upon receiving a notice under this  
10 section and RCW 48.23.030(2).

11           (b) The designation of a third party under this section does not  
12 create or constitute acceptance of any liability on the part of the  
13 insurer as to the third-party designee related to a failure to send a  
14 notice as required by this section and RCW 48.23.030(2).

15           (4) This section does not apply to life insurance policies  
16 identified in RCW 48.23.030(3).

17           NEW SECTION.   **Sec. 3.** This act applies prospectively only and  
18 not retroactively. It applies to life insurance policies issued on or  
19 after the effective date of this section.

20           NEW SECTION.   **Sec. 4.** This act takes effect January 1, 2027.

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