
HOUSE BILL 2428

State of Washington

69th Legislature

2026 Regular Session

By Representatives Leavitt, Reeves, and Parshley

Read first time 01/13/26. Referred to Committee on Consumer Protection & Business.

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; and creating a new
4 section.

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 an insurer terminates coverage
21 under an individual life insurance policy, the insurer must send

1 written notice of termination of coverage and the right to
2 reinstatement of a policy under RCW 48.23.120 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 a first-class mail record, certified mail receipt, read-
11 receipt for electronic delivery, or tracking confirmation from a
12 shipping service.

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

15 (a) Group life insurance policies;

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

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

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

22 (1)(a) Except as provided in subsection (4) of this section, an
23 insurer that delivers or issues for delivery an individual life
24 insurance policy in this state must notify the applicant for the
25 policy, in writing at the time of application for the policy, of an
26 applicant's right to designate a third party to receive notice of:
27 (i) Lapse or cancellation of the policy based on nonpayment of
28 premium; and (ii) the right to reinstatement of the policy under RCW
29 48.23.120.

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 cancellation of the policy based on
36 nonpayment of premium and the right to reinstatement of the policy
37 under RCW 48.23.120 to a third party designated in accordance with
38 this section in addition to the transmission of the notice to the
39 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.

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