

WSR 23-20-125
PERMANENT RULES
OFFICE OF THE
INSURANCE COMMISSIONER

[Insurance Commissioner Matter R2023-03—Filed October 4, 2023, 8:58 a.m., effective November 4, 2023]

Effective Date of Rule: Thirty-one days after filing.

Purpose: Passage of SSB 5720 (2023) amends RCW 48.18.558 and 48.19.530 to no longer exclude commercial property insurers from providing goods and services intended to reduce the probability of loss as part of an insurance policy. Additionally, SSB 5720 amends RCW 48.18.559 to remove the commissioner's rule-making authority to increase the value of risk mitigation goods and services. The purpose of this rule is to align existing rule language, including WAC 284-33-005, 284-33-010, and 284-33-030, with newly amended RCW 48.18.558, 48.18.559, and 48.19.530.

Citation of Rules Affected by this Order: Amending WAC 284-33-005, 284-33-010, and 284-33-030.

Statutory Authority for Adoption: RCW 48.02.060, 48.18.559.

Adopted under notice filed as WSR 23-15-109 on July 19, 2023.

Number of Sections Adopted in Order to Comply with Federal Statute: New 0, Amended 0, Repealed 0; Federal Rules or Standards: New 0, Amended 0, Repealed 0; or Recently Enacted State Statutes: New 0, Amended 3, Repealed 0.

Number of Sections Adopted at the Request of a Nongovernmental Entity: New 0, Amended 0, Repealed 0.

Number of Sections Adopted on the Agency's own Initiative: New 0, Amended 0, Repealed 0.

Number of Sections Adopted in Order to Clarify, Streamline, or Reform Agency Procedures: New 0, Amended 0, Repealed 0.

Number of Sections Adopted using Negotiated Rule Making: New 0, Amended 0, Repealed 0; Pilot Rule Making: New 0, Amended 0, Repealed 0; or Other Alternative Rule Making: New 0, Amended 0, Repealed 0.

Date Adopted: October 4, 2023.

Mike Kreidler
Insurance Commissioner

OTS-4749.1

AMENDATORY SECTION (Amending WSR 18-24-084, filed 12/3/18, effective 1/3/19)

WAC 284-33-005 Definition((s)). The definition((s)) in this section apply throughout this chapter unless the context clearly requires otherwise:

~~((1))~~ A "risk reduction program" means a program by a property insurance company to reduce either the probability of loss or extent of loss, or both, from a covered event as described in RCW 48.18.558(1) by supplying its named insured with either goods or services, or both, as described in WAC 284-33-030(1).

~~((2))~~ "Commercial property insurance" means insurance pertaining to a business, profession, occupation, nonprofit organization, or pub-

~~lic entity for the line of property insurance as defined in RCW 48.11.040.)~~)

[Statutory Authority: RCW 48.02.60 [48.02.060] and 48.18.559. WSR 18-24-084 (R 2018-11), § 284-33-005, filed 12/3/18, effective 1/3/19.]

AMENDATORY SECTION (Amending WSR 18-24-084, filed 12/3/18, effective 1/3/19)

WAC 284-33-010 Purpose and scope. The purpose of this chapter is to implement RCW 48.18.558, 48.18.559, and 48.19.530 for property insurance by establishing rules:

- (1) For property insurers' risk reduction programs for covered events (~~(, except commercial property insurance)~~);
- (2) For property insurers' pilot risk reduction programs for covered events (~~(, except commercial property insurance)~~); and
- (3) To identify which property insurers' disaster or emergency response activities for covered events are exempt from RCW 48.18.558, 48.19.530, 48.30.140, and 48.30.150.

[Statutory Authority: RCW 48.02.60 [48.02.060] and 48.18.559. WSR 18-24-084 (R 2018-11), § 284-33-010, filed 12/3/18, effective 1/3/19.]

AMENDATORY SECTION (Amending WSR 20-23-004, filed 11/5/20, effective 1/1/21)

WAC 284-33-030 Goods and services. (1) All goods or services, or both, that are approved by the commissioner to be included within a property insurer's risk reduction program, or pilot risk reduction program, or both, must be implemented by the insurer to reduce either the probability of damage or extent of damage, or both, by a peril covered under the property policy, and may include:

- (a) Smoke alarms;
- (b) Fire extinguishers;
- (c) Natural gas detectors;
- (d) Brush and other wildfire fuel source removal services;
- (e) Water monitors;
- (f) Water shut off systems;
- (g) Earthquake strapping;
- (h) Locking mechanisms to secure property;
- (i) Lightning protection devices;
- (j) Security lighting;
- (k) Security camera systems;
- (l) Home safety monitoring systems; and
- (m) Other goods or services, or both, the commissioner may approve through a form filing.

(2) A voucher provided from the insurer to the insured for either goods or services, or both, is only permissible for those items as described in subsection (1) of this section and must fully redeem either the goods or services, or both, being used in the risk reduction program.

~~((3) Under RCW 48.18.559, the commissioner may increase the value of goods and services permitted under RCW 48.18.558. The limit to~~

~~the value of goods and services to be provided is increased to seven thousand five hundred dollars in value in aggregate in any twelve-month period if the insurer:~~

~~(a) Submits a rate filing with the information required by RCW 48.19.530; and~~

~~(b) Includes an explanation and exhibit in the filing showing that the present value of the expected reduction in claims costs arising from the goods and services, over the service life of the goods and services, is greater than, or equal to, the total cost to the insurer of the goods and services.)~~

[Statutory Authority: RCW 48.02.060(3) and 48.18.559. WSR 20-23-004 (R 2020-01), § 284-33-030, filed 11/5/20, effective 1/1/21. Statutory Authority: RCW 48.02.60 [48.02.060] and 48.18.559. WSR 18-24-084 (R 2018-11), § 284-33-030, filed 12/3/18, effective 1/3/19.]