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HOUSE BILL 2824

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State of Washington

55th Legislature

1998 Regular Session

By Representatives L. Thomas, Wolfe, Grant, Smith, Benson, DeBolt and Thompson

Read first time 01/21/98. Referred to Committee on Financial Institutions & Insurance.

1 AN ACT Relating to refunds when an insured cancels a policy; and  
2 amending RCW 48.18.300.

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

4 **Sec. 1.** RCW 48.18.300 and 1980 c 102 s 8 are each amended to read  
5 as follows:

6 (1) Cancellation by the insured of any policy which by its terms is  
7 cancellable at the insured's option or of any binder based on such  
8 policy may be effected by written notice thereof to the insurer or  
9 surrender of the policy or binder for cancellation prior to or on the  
10 effective date of such cancellation. In (~~the~~) the event the policy  
11 or binder has been lost or destroyed and cannot be so surrendered, the  
12 insurer may in lieu of such surrender accept and in good faith rely  
13 upon the insured's written statement setting forth the fact of such  
14 loss or destruction.

15 (2) As soon as possible, and no later than thirty days after the  
16 receipt of the notice of cancellation from the policyholder for  
17 homeowners', dwelling fire, and private passenger auto insurance, the  
18 insurer shall pay to the insured or to the person entitled thereto as  
19 shown by the insurer's records, any unearned portion of any premium

1 paid on the policy as computed on the customary short rate or as  
2 otherwise specified in the policy: PROVIDED, That the refund of any  
3 unearned portion of any premium paid on a contract of dwelling fire  
4 insurance, homeowners' insurance, or insurance predicated upon the use  
5 of a private passenger automobile (as defined in RCW 48.18.297 and  
6 excluding contracts of insurance and policies enumerated in RCW  
7 48.18.296) shall be computed on a pro rata basis and the insurer shall  
8 refund not less than ninety percent of any unearned portion not  
9 exceeding one hundred dollars, plus ninety-five percent of any unearned  
10 portion over one hundred dollars but not exceeding five hundred  
11 dollars, and not less than ninety-seven percent of the amount of any  
12 unearned portion in excess of five hundred dollars. If the amount of  
13 any refund is less than ((two)) ten dollars, no refund need be made.  
14 If no premium has been paid on the policy, the insured shall be liable  
15 to the insurer for premium for the period during which the policy was  
16 in force.

17 (3) The surrender of a policy to the insurer for any cause by any  
18 person named therein as having an interest insured thereunder shall  
19 create a presumption that such surrender is concurred in by all persons  
20 so named.

21 (4) This section shall not apply to life insurance policies or to  
22 annuity contracts.

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