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HOUSE BILL 2549

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State of Washington

57th Legislature

2002 Regular Session

By Representatives McIntire, Benson and Kenney; by request of Insurance Commissioner

Read first time 01/21/2002. Referred to Committee on Financial Institutions & Insurance.

1 AN ACT Relating to renewing contracts of insurance that are subject  
2 to RCW 48.18.290; and amending RCW 48.18.2901.

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

4 **Sec. 1.** RCW 48.18.2901 and 1993 c 186 s 1 are each amended to read  
5 as follows:

6 (1) Each insurer shall be required to renew any contract of  
7 insurance subject to RCW 48.18.290 unless one of the following  
8 situations exists:

9 (a) The insurer gives the named insured at least forty-five days'  
10 notice in writing as provided for in RCW 48.18.290, that it proposes to  
11 refuse to renew the insurance contract upon its expiration date; and  
12 sets forth ~~((therein))~~ in that writing the actual reason for refusing  
13 to renew; ~~((or))~~

14 (b) At least twenty days prior to its expiration date, the insurer  
15 has communicated, either directly or through its agent, its willingness  
16 to renew in writing to the named insured and has included ~~((therein))~~  
17 in that writing a statement of the amount of the premium or portion  
18 thereof required to be paid by the insured to renew the policy, and the

1 insured fails to discharge when due his or her obligation in connection  
2 with the payment of such premium or portion thereof; (~~or~~)

3 (c) The insured has procured equivalent coverage prior to the  
4 expiration of the policy period; (~~or~~)

5 (d) The contract is evidenced by a written binder containing a  
6 clearly stated expiration date which has expired according to its  
7 terms; or

8 (e) The contract clearly states that it is not renewable, and is  
9 for a specific line, subclassification, or type of coverage that is not  
10 offered on a renewable basis. This subsection (1)(e) does not restrict  
11 the authority of the insurance commissioner under this code.

12 (2) Any insurer failing to include in the notice required by  
13 subsection (1)(b) of this section the amount of any increased premium  
14 resulting from a change of rates and an explanation of any change in  
15 the contract provisions shall renew the policy if so required by that  
16 subsection according to the rates and contract provisions applicable to  
17 the expiring policy(~~(:—PROVIDED, That)~~). However, renewal based on  
18 the rates and contract provisions applicable to the expiring policy  
19 shall not prevent the insurer from making changes in the rates and/or  
20 contract provisions of the policy once during the term of its renewal  
21 after at least twenty days' advance notice of such change has been  
22 given to the named insured.

23 (3) Renewal of a policy shall not constitute a waiver or estoppel  
24 with respect to grounds for cancellation which existed before the  
25 effective date of such renewal, or with respect to cancellation of fire  
26 policies under chapter 48.53 RCW.

27 (4) "Renewal" or "to renew" means the issuance and delivery by an  
28 insurer of a contract of insurance replacing at the end of the contract  
29 period a contract of insurance previously issued and delivered by the  
30 same insurer, or the issuance and delivery of a certificate or notice  
31 extending the term of a contract beyond its policy period or term(~~(:—~~  
32 ~~PROVIDED, HOWEVER, That)~~). However, (a) any contract of insurance with  
33 a policy period or term of six months or less whether or not made  
34 continuous for successive terms upon the payment of additional premiums  
35 shall for the purpose of RCW 48.18.290 and 48.18.293 through 48.18.295  
36 be considered as if written for a policy period or term of six  
37 months(~~(:—PROVIDED, FURTHER, That)~~); and (b) any policy written for a  
38 term longer than one year or any policy with no fixed expiration date,  
39 shall, for the purpose of RCW 48.18.290 and 48.18.293 through

1 48.18.295, be considered as if written for successive policy periods or  
2 terms of one year.

3 (5) A midterm blanket reduction in rate, approved by the  
4 commissioner, for medical malpractice insurance shall not be considered  
5 a renewal for purposes of this section.

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