
SUBSTITUTE SENATE BILL 6738

State of Washington 57th Legislature

2002 Regular Session

By Senate Committee on Labor, Commerce & Financial Institutions
(originally sponsored by Senators Prentice and Winsley)

READ FIRST TIME 02/08/2002.

1 AN ACT Relating to payment of insurance claims; and adding a new
2 chapter to Title 48 RCW.

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

4 NEW SECTION. **Sec. 1.** The definitions in this section apply
5 throughout this chapter unless the context clearly requires otherwise.

6 (1) "Claimant" means a person making a claim.

7 (2) "Business day" means a day other than a Saturday, Sunday, or
8 holiday recognized by this state.

9 (3) "Claim" means a first party claim made by an insured or a
10 policyholder under an insurance policy or contract or by a beneficiary
11 named in the policy or contract that must be paid by the insurer
12 directly to the insured or beneficiary.

13 (4) "Insurer" has the meaning provided in RCW 48.01.050.

14 (5) "Notice of claim" means any notification in writing to an
15 insurer, by a claimant, that reasonably apprises the insurer of the
16 facts relating to the claim.

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18 NEW SECTION. **Sec. 2.** (1) Except as provided by section 3 of this
19 act, an insurer shall, not later than fifteen business days after

1 receipt of notice of a claim, or thirty business days if the insurer is
2 an eligible surplus lines insurer:

3 (a) Acknowledge receipt of the claim;

4 (b) Commence any investigation of the claim; and

5 (c) Request from the claimant all items, statements, and forms that
6 the insurer reasonably believes, at that time, will be required from
7 the claimant. Additional requests may be made if during the
8 investigation of the claim such additional requests are necessary.

9 (2) If the acknowledgment of the claim is not made in writing, the
10 insurer shall make a record of the date, means, and content of the
11 acknowledgment.

12 NEW SECTION. **Sec. 3.** (1) Except as provided by subsections (2)
13 and (4) of this section, an insurer shall notify a claimant in writing
14 of the acceptance or rejection of the claim not later than fifteen
15 business days after the date the insurer receives all items,
16 statements, and forms, required by the insurer in order to secure final
17 proof of loss.

18 (2) If the insurer has a reasonable basis to believe that the loss
19 results from arson, the insurer shall notify the claimant in writing of
20 the acceptance or rejection of the claim not later than thirty business
21 days after the date the insurer receives all items, statements, and
22 forms required by the insurer.

23 (3) If the insurer rejects the claim, the notice required by
24 subsections (1) and (2) of this section must state the reasons for the
25 rejection.

26 (4) If the insurer is unable to accept or reject the claim within
27 the period specified by subsection (1) or (2) of this section, the
28 insurer shall notify the claimant, not later than the date specified
29 under subsection (1) or (2) of this section, as applicable. The notice
30 provided under this subsection must give the reasons the insurer needs
31 additional time.

32 (5) Not later than forty-five days after the date an insurer
33 notifies a claimant under subsection (4) of this section, the insurer
34 shall accept or reject the claim.

35 (6) Except as otherwise provided, if an insurer delays payment of
36 a claim following its receipt of all items, statements, and forms
37 reasonably requested and required, as provided under section 2 of this
38 act, for a period exceeding the period specified in other applicable

1 statutes or, in the absence of any other specified period, for more
2 than sixty days, the insurer shall pay damages and other items as
3 provided for in section 6 of this act.

4 (7) If it is determined as a result of arbitration or litigation
5 that a claim received by an insurer is invalid and therefore should not
6 be paid by the insurer, the requirements of subsection (6) of this
7 section do not apply.

8 NEW SECTION. **Sec. 4.** If an insurer notifies a claimant that the
9 insurer will pay a claim or part of a claim under section 3 of this
10 act, the insurer shall pay the claim not later than five business days
11 after the notice has been made. If payment of the claim or part of the
12 claim is conditioned on the performance of an act by the claimant, the
13 insurer shall pay the claim not later than five business days after the
14 date the act is performed. Surplus lines insurers shall pay the claim
15 not later than twenty business days after the notice or date the act is
16 performed.

17 NEW SECTION. **Sec. 5.** (1) This chapter does not apply to:

- 18 (a) Workers' compensation insurance;
- 19 (b) Mortgage guaranty insurance;
- 20 (c) Title insurance;
- 21 (d) Fidelity, surety, or guaranty bonds;
- 22 (e) Marine insurance;
- 23 (f) A guaranty association created and operating under chapter
24 48.32 or 48.32A RCW;
- 25 (g) Longshore and harbor workers' compensation insurance; or
- 26 (h) Health insurance provided by a health carrier as defined in RCW
27 48.43.005.

28 (2) In the event of a weather-related catastrophe or major natural
29 disaster, as defined by the insurance commissioner, the claim-handling
30 deadlines imposed under this chapter are extended for an additional
31 fifteen days.

32 NEW SECTION. **Sec. 6.** In all cases where a claim is made pursuant
33 to a policy of insurance and the insurer liable therefor is not in
34 compliance with the requirements of this chapter, such insurer is
35 liable to pay the holder of the policy, or the beneficiary making a
36 claim under the policy, in addition to the amount of the claim,

1 eighteen percent per annum of the amount of such claim as damages,
2 together with reasonable attorney fees.

3 NEW SECTION. **Sec. 7.** The provisions of this chapter are not
4 exclusive. The remedies provided in this chapter are in addition to
5 any other remedy or procedure provided by any other law or at common
6 law.

7 NEW SECTION. **Sec. 8.** This chapter is to be liberally construed to
8 promote its underlying purpose which is to obtain prompt payment of
9 claims made pursuant to policies of insurance.

10 NEW SECTION. **Sec. 9.** Sections 1 through 8 of this act constitute
11 a new chapter in Title 48 RCW.

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