
SUBSTITUTE HOUSE BILL 2836

State of Washington

58th Legislature

2004 Regular Session

By House Committee on Financial Institutions & Insurance (originally sponsored by Representatives Schual-Berke, Benson and Linville)

READ FIRST TIME 02/06/04.

1 AN ACT Relating to homeowners' insurance; and adding a new section
2 to chapter 48.18 RCW.

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

4 NEW SECTION. **Sec. 1.** A new section is added to chapter 48.18 RCW
5 to read as follows:

6 (1) For the purposes of this section:

7 (a) "Adverse action" has the same meaning as defined in the fair
8 credit reporting act, 15 U.S.C. Sec. 1681 et seq. Adverse actions
9 include, but are not limited to the following:

10 (i) Cancellation, denial, or nonrenewal of homeowners' insurance
11 coverage;

12 (ii) Charging a higher insurance premium for homeowners' insurance
13 than would have been charged if the information from the consumer
14 reporting organization had been more favorable, whether the charge is
15 by any of the following:

16 (A) Application of a rating rule;

17 (B) Assignment to a rating tier that does not have the lowest
18 available rates; or

1 (C) Placement with an affiliate company that does not offer the
2 lowest rates available to the consumer within the affiliate group of
3 insurance companies; or

4 (iii) Any reduction, adverse, or unfavorable change in the terms of
5 coverage or amount of any homeowners' insurance due to information
6 received from a consumer reporting organization, including the
7 following:

8 (A) Coverage provided to the consumer is not as broad in scope as
9 coverage requested by the consumer but available to other insureds of
10 the insurer or any affiliate; or

11 (B) The consumer is not eligible for benefits such as dividends
12 that are available through affiliate insurers.

13 (b) "Affiliate" has the same meaning as defined in RCW
14 48.31B.005(1).

15 (c) "Consumer" means an individual policyholder or applicant for
16 insurance.

17 (d) "Consumer reporting organization" means an organization that
18 operates a data base, which is populated primarily by information
19 provided by insurance institutions.

20 (e) "Homeowners' insurance coverage" includes residential
21 homeowners', mobile homeowners', manufactured homeowners', condominium
22 owners', and renters' coverage.

23 (f) "Tier" means a category within a single insurer into which
24 insureds with substantially like insuring, risk or exposure factors,
25 and expense elements are placed for purposes of determining rate or
26 premium.

27 (2) When an insurer takes adverse action against an insured, the
28 insurer may consider the following only in combination with other
29 substantive underwriting factors: The fact that an individual has
30 previously inquired about the nature or scope of coverage under a
31 homeowners' insurance policy when:

32 (a) The information about this inquiry was received from the
33 insured's records or from a consumer reporting organization; and

34 (b) The inquiry did not result in the filing of a claim.

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