
SUBSTITUTE HOUSE BILL 1491

State of Washington

60th Legislature

2007 Regular Session

By House Committee on Insurance, Financial Services & Consumer Protection (originally sponsored by Representatives Kirby, Campbell, Simpson, Hurst, Appleton, Williams, Wood, Santos, Chase, Ormsby and Morrell)

READ FIRST TIME 2/28/07.

1 AN ACT Relating to creating the insurance fair conduct act;
2 amending RCW 48.30.010; adding a new section to chapter 48.30 RCW;
3 creating a new section; and prescribing penalties.

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

5 NEW SECTION. **Sec. 1.** This act may be known and cited as the
6 insurance fair conduct act.

7 **Sec. 2.** RCW 48.30.010 and 1997 c 409 s 107 are each amended to
8 read as follows:

9 (1) No person engaged in the business of insurance shall engage in
10 unfair methods of competition or in unfair or deceptive acts or
11 practices in the conduct of such business as such methods, acts, or
12 practices are defined pursuant to subsection (2) of this section.

13 (2) In addition to such unfair methods and unfair or deceptive acts
14 or practices as are expressly defined and prohibited by this code, the
15 commissioner may from time to time by regulation promulgated pursuant
16 to chapter 34.05 RCW, define other methods of competition and other
17 acts and practices in the conduct of such business reasonably found by

1 the commissioner to be unfair or deceptive after a review of all
2 comments received during the notice and comment rule-making period.

3 (3)(a) In defining other methods of competition and other acts and
4 practices in the conduct of such business to be unfair or deceptive,
5 and after reviewing all comments and documents received during the
6 notice and comment rule-making period, the commissioner shall identify
7 his or her reasons for defining the method of competition or other act
8 or practice in the conduct of insurance to be unfair or deceptive and
9 shall include a statement outlining these reasons as part of the
10 adopted rule.

11 (b) The commissioner shall include a detailed description of facts
12 upon which he or she relied and of facts upon which he or she failed to
13 rely, in defining the method of competition or other act or practice in
14 the conduct of insurance to be unfair or deceptive, in the concise
15 explanatory statement prepared under RCW 34.05.325(6).

16 (c) Upon appeal the superior court shall review the findings of
17 fact upon which the regulation is based de novo on the record.

18 (4) No such regulation shall be made effective prior to the
19 expiration of thirty days after the date of the order by which it is
20 promulgated.

21 (5) If the commissioner has cause to believe that any person is
22 violating any such regulation, the commissioner may order such person
23 to cease and desist therefrom. The commissioner shall deliver such
24 order to such person direct or mail it to the person by registered mail
25 with return receipt requested. If the person violates the order after
26 expiration of ten days after the cease and desist order has been
27 received by him or her, he or she may be fined by the commissioner a
28 sum not to exceed two hundred and fifty dollars for each violation
29 committed thereafter.

30 (6) If any such regulation is violated, the commissioner may take
31 such other or additional action as is permitted under the insurance
32 code for violation of a regulation.

33 (7) An insurer engaged in the business of insurance may not
34 unreasonably or negligently deny a claim for coverage or payment of
35 benefits to any first party claimant. "First party claimant" has the
36 same meaning as in section 3 of this act.

1 NEW SECTION. **Sec. 3.** A new section is added to chapter 48.30 RCW
2 to read as follows:

3 (1) Any first party claimant to a policy of insurance who is
4 unreasonably or negligently denied a claim for coverage or payment of
5 benefits by an insurer may bring an action in the superior court of
6 this state to recover the actual damages sustained, together with the
7 costs of the action, including reasonable attorneys' fees and
8 litigation costs, as set forth in subsection (3) of this section.

9 (2) The superior court may, after finding that an insurer has acted
10 unreasonably or negligently in denying a claim for coverage or payment
11 of benefits or has violated Title 284 of the Washington Administrative
12 Code, increase the total award of damages to an amount not to exceed
13 three times the actual damages.

14 (3) The superior court shall, after a finding of unreasonable or
15 negligent denial of a claim for coverage or payment of benefits, or
16 after a finding of a violation of Title 284 of the Washington
17 Administrative Code, award reasonable attorneys' fees and actual and
18 statutory litigation costs, including expert witness fees, to the first
19 party claimant of an insurance contract who is the prevailing party in
20 such an action.

21 (4) The remedies set forth in this chapter are separate from the
22 remedies prescribed by RCW 19.86.090 of the consumer protection act.

23 (5) "First party claimant" means an individual, corporation,
24 association, partnership, or other legal entity asserting a right to
25 payment under an insurance policy or insurance contract arising out of
26 the occurrence of the contingency or loss covered by such a policy or
27 contract.

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