FINAL BILL REPORT
SSB 5417

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Synopsis as Enacted

Brief Description: Requiring the disclosure of information on flood insurance coverage.

Sponsors: Senate Committee on Financial Institutions, Housing & Insurance (originally sponsored by Senators Berkey, Franklin, Shin and Roach; by request of Insurance Commissioner).

Senate Committee on Financial Institutions, Housing & Insurance
House Committee on Financial Institutions & Insurance

Background: Each insurance policy sold must state the risk insured against. Damage by flood is a risk to which a home may be subject. Insurers often exclude flood coverage from homeowners' policies sold in Washington.

The National Flood Insurance Program (NFIP) was established by the federal government in 1968 to provide people with flood insurance and to protect communities from potential flood damage through floodplain management. Participation in the program by local governments is optional and includes requirements for addressing floodplain management.

The NFIP reports that approximately 32 insurers participate in the program in Washington. NFIP policies are not regulated by the Office of Insurance Commissioner (OIC). The Federal Emergency Management Agency (FEMA) establishes the minimum training requirements for insurance agents who offer federal flood insurance policies.

Summary: When policies are issued and when they are renewed, insurers must give clear and conspicuous written notice to their home and condo owners, renters, and fire insurance policyholders that the policies do not cover damage caused by flooding. They must also provide information about how to contact the NFIP. A satisfactory example of this notice is provided.

Votes on Final Passage:

Senate	47	0
House	92	0

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Effective: July 26, 2009