
HOUSE BILL 2445

State of Washington 62nd Legislature 2012 Regular Session

By Representatives Ryu, Kirby, Upthegrove, Fitzgibbon, Hansen, Roberts, Billig, Stanford, Ormsby, and Moscoso

Read first time 01/13/12. Referred to Committee on Business & Financial Services.

1 AN ACT Relating to mileage-based insurance; amending RCW 48.18.140,
2 48.18.291, 48.18.292, and 48.19.040; and adding new sections to chapter
3 48.18 RCW.

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

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

7 The definition in this section applies throughout this chapter
8 unless otherwise specifically provided.

9 "Mileage-based insurance" means private passenger automobile
10 insurance that:

11 (1) Has rates expected to be on average at least seventy percent
12 variable according to actual miles driven and not on estimated miles
13 driven; and

14 (2) Is available in mileage bands of not more than one thousand
15 miles each; and

16 (3) Discloses the variable portion of the premium in a manner that
17 is conspicuous to the consumer.

1 NEW SECTION. **Sec. 2.** A new section is added to chapter 48.18 RCW
2 to read as follows:

3 (1) An insurer authorized to sell automobile insurance may offer
4 mileage-based insurance.

5 (2) Within eighteen months of the adoption of this section the
6 commissioner shall adopt rules establishing standards for mileage-based
7 insurance offerings. The rules must include measures to protect the
8 privacy of drivers including, at a minimum:

9 (a) Prohibiting the collection of location information without:

10 (i) Disclosure to the insured that such information is being
11 collected; and

12 (ii) The insured's consent;

13 (b) Ensuring that individually identifiable usage information is
14 used or retained only:

15 (i) For purposes of determining premiums; or

16 (ii) As required by law; and

17 (c) Ensuring that individually identifiable usage information is
18 not disclosed to any third party without consent of the insured.

19 (3) By July 1, 2018, the commissioner shall evaluate the impact of
20 usage and/or mileage-based policies upon consumer privacy and shall
21 issue recommendations for additional measures to protect the privacy of
22 insured drivers if the commissioner determines additional measures are
23 needed to protect consumer privacy.

24 NEW SECTION. **Sec. 3.** A new section is added to chapter 48.18 RCW
25 to read as follows:

26 By July 31, 2013, and every other year thereafter, the commissioner
27 must provide information to the public regarding available options that
28 enable consumers to save money on insurance premiums by driving fewer
29 miles each year.

30 **Sec. 4.** RCW 48.18.140 and 2002 c 344 s 1 are each amended to read
31 as follows:

32 (1) The written instrument, in which a contract of insurance is set
33 forth, is the policy.

34 (2) A policy shall specify:

35 (a) The names of the parties to the contract. The insurer's name
36 shall be clearly shown in the policy.

1 (b) The subject of the insurance.

2 (c) The risk insured against.

3 (d) The time at which the insurance thereunder takes effect and the
4 period or distance, in the case of mileage-based insurance, during
5 which the insurance is to continue.

6 (e) A statement of the premium, and if other than life, disability,
7 or title insurance, the premium rate where applicable. In the case of
8 mileage-based insurance, the premium may also be stated as a rate per
9 increment of mileage.

10 (f) The conditions pertaining to the insurance.

11 (3) If under the contract the exact amount of premiums is
12 determinable only at termination of the contract, a statement of the
13 basis and rates upon which the final premium is to be determined and
14 paid shall be specified in the policy.

15 (4)(a) Periodic payment plans for private passenger automobile
16 insurance shall allow a specific day of the month for a due date for
17 payment of premiums. A late charge may not be required if payment is
18 received within five days of the date payment is due.

19 (b) The commissioner shall adopt rules to implement this subsection
20 and shall take no disciplinary action against an insurer until ninety
21 days after the effective date of the rule.

22 (5) This section shall not apply to surety insurance contracts.

23 **Sec. 5.** RCW 48.18.291 and 2003 c 248 s 5 are each amended to read
24 as follows:

25 (1) A contract of insurance predicated wholly or in part upon the
26 use of a private passenger automobile may not be terminated by
27 cancellation by the insurer until at least twenty days after mailing
28 written notice of cancellation to the named insured at the latest
29 address filed with the insurer by or on behalf of the named insured,
30 accompanied by the reason therefor. If cancellation is for nonpayment
31 of premium, or is within the first thirty days after the contract has
32 been in effect, at least ten days notice of cancellation, accompanied
33 by the reason therefor, shall be given. In case of a contract
34 evidenced by a written binder which has been delivered to the insured,
35 if the binder contains a clearly stated expiration date, no additional
36 notice of cancellation or nonrenewal is required.

1 (2)(a) A notice of cancellation by the insurer as to a contract of
2 insurance to which subsection (1) of this section applies is not valid
3 if sent more than sixty days after the contract has been in effect
4 unless:

5 (i) The named insured fails to discharge when due any of his or her
6 obligations in connection with the payment of premium for the policy or
7 any installment thereof, whether payable directly to the insurer or to
8 its agent or indirectly under any premium finance plan or extension of
9 credit; or

10 (ii) The driver's license of the named insured, or of any other
11 operator who customarily operates an automobile insured under the
12 policy, has been suspended, revoked, or cancelled during the policy
13 period or, if the policy is a renewal, during its policy period or the
14 one hundred eighty days immediately preceding the effective date of the
15 renewal policy.

16 (b) Modification by the insurer of automobile physical damage
17 coverage by the inclusion of a deductible not exceeding one hundred
18 dollars is not a cancellation of the coverage or of the policy.

19 (3) The substance of subsections (1) and (2)(a) of this section
20 must be set forth in each contract of insurance subject to the
21 provisions of subsection (1) of this section, and may be in the form of
22 an attached endorsement.

23 (4) A notice of cancellation of a policy that may be canceled only
24 pursuant to subsection (2) of this section is not effective unless the
25 reason therefor accompanies or is included in the notice of
26 cancellation.

27 (5) The requirements in subsections (1) through (4) of this section
28 regarding time frames do not apply to mileage-based insurance policies
29 that provide coverage only based on distance and not based on time.
30 The commissioner shall adopt rules that apply to cancellations of
31 mileage-based insurance policies.

32 **Sec. 6.** RCW 48.18.292 and 2008 c 217 s 17 are each amended to read
33 as follows:

34 (1) Each insurer shall be required to renew any contract of
35 insurance subject to RCW 48.18.291 unless one of the following
36 situations exists:

1 (a) The insurer gives the named insured at least twenty days'
2 notice in writing as provided for in RCW 48.18.291(1), that it proposes
3 to refuse to renew the insurance contract upon its expiration date; and
4 sets forth therein the actual reason for refusing to renew; or

5 (b) At least twenty days prior to its expiration date, the insurer
6 has communicated its willingness to renew in writing to the named
7 insured, and has included therein a statement of the amount of the
8 premium or portion thereof required to be paid by the insured to renew
9 the policy, including the amount by which the premium or deductibles
10 have changed from the previous policy period, and the date by which
11 such payment must be made, and the insured fails to discharge when due
12 his or her obligation in connection with the payment of such premium or
13 portion thereof; or

14 (c) The insured's insurance producer has procured other coverage
15 acceptable to the insured prior to the expiration of the policy period.

16 (2) Renewal of a policy shall not constitute a waiver or estoppel
17 with respect to grounds for cancellation which existed before the
18 effective date of such renewal.

19 (3) "Renewal" or "to renew" means the issuance and delivery by an
20 insurer of a contract of insurance replacing at the end of the contract
21 period a contract of insurance previously issued and delivered by the
22 same insurer, or the issuance and delivery of a certificate or notice
23 extending the term of a contract beyond its policy period or term:
24 PROVIDED, HOWEVER, That any contract of insurance with a policy period
25 or term of six months or less whether or not made continuous for
26 successive terms upon the payment of additional premiums shall for the
27 purpose of RCW 48.18.291 through 48.18.297 be considered as if written
28 for a policy period or term of six months: PROVIDED, FURTHER, That any
29 policy written for a term longer than one year or any policy with no
30 fixed expiration date, shall, for the purpose of RCW 48.18.291 through
31 48.18.297, be considered as if written for successive policy periods or
32 terms of one year.

33 (4) On and after January 1, 1980, no policy of insurance subject to
34 RCW 48.18.291 shall be issued for a policy period or term of less than
35 six months.

36 (5) No insurer shall refuse to renew the liability and/or collision
37 coverage of an automobile insurance policy on the basis that an insured
38 covered by the policy of the insurer has submitted one or more claims

1 under the comprehensive, road service, or towing coverage of the
2 policy. Nothing in this subsection shall prohibit the nonrenewal of
3 comprehensive, road service, or towing coverage on the basis of one or
4 more claims submitted by an insured.

5 (6) The requirements in subsections (1) through (5) of this section
6 regarding time frames do not apply to mileage-based insurance policies
7 that provide coverage only based on distance and not based on time.
8 The commissioner shall adopt rules that apply to renewals of
9 mileage-based insurance policies.

10 **Sec. 7.** RCW 48.19.040 and 1994 c 131 s 8 are each amended to read
11 as follows:

12 (1) Every insurer or rating organization shall, before using, file
13 with the commissioner every classifications manual, manual of rules and
14 rates, rating plan, rating schedule, minimum rate, class rate, and
15 rating rule, and every modification of any of the foregoing which it
16 proposes. The insurer need not so file any rate on individually rated
17 risks as described in subdivision (1) of RCW 48.19.030; except that any
18 such specific rate made by a rating organization shall be filed.

19 (2) Every such filing shall indicate the type and extent of the
20 coverage contemplated and must be accompanied by sufficient information
21 to permit the commissioner to determine whether it meets the
22 requirements of this chapter. An insurer or rating organization shall
23 offer in support of any filing:

24 (a) The experience or judgment of the insurer or rating
25 organization making the filing;

26 (b) An exhibit detailing the major elements of operating expense
27 for the types of insurance affected by the filing;

28 (c) An explanation of how investment income has been taken into
29 account in the proposed rates; and

30 (d) Any other information which the insurer or rating organization
31 deems relevant.

32 (3) If an insurer has insufficient loss experience to support its
33 proposed rates, it may submit loss experience for similar exposures of
34 other insurers or of a rating organization.

35 (4) Every such filing shall state its proposed effective date.

36 (5)(a) A filing made pursuant to this chapter shall be exempt from
37 the provisions of RCW 48.02.120(3). However, the filing and all

1 supporting information accompanying it shall be open to public
2 inspection only after the filing becomes effective, except as provided
3 in (b) of this subsection.

4 (b) Information filing of mileage-based insurance, as defined in
5 section 1 of this act, about the variable portion of the rate based on
6 mileage driven is confidential and is exempt from public inspection.

7 (6) Where a filing is required no insurer shall make or issue an
8 insurance contract or policy except in accordance with its filing then
9 in effect, except as is provided by RCW 48.19.090.

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