
SENATE BILL 5976

State of Washington

63rd Legislature

2014 Regular Session

By Senators Fain and Hobbs

Read first time 01/13/14. Referred to Committee on Financial Institutions, Housing & Insurance.

1 AN ACT Relating to notice given to owners of life insurance
2 policies about alternative transactions; and amending RCW 48.102.100.

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

4 **Sec. 1.** RCW 48.102.100 and 2009 c 104 s 13 are each amended to
5 read as follows:

6 (1) With respect to each policy issued by an insurance company, the
7 insurance company shall notify the owner of an individual life
8 insurance policy when the insured person under such a policy is age
9 sixty or older, or is known to be terminally ill or chronically ill,
10 that there may be alternative transactions available to that owner at
11 the time of each of the following:

12 (a) When a life insurance company receives from such an owner a
13 request to surrender, in whole or in part, an individual policy;

14 (b) When a life insurance company receives from such an owner a
15 request to receive an accelerated death benefit under an individual
16 policy;

17 (c) When a life insurance company sends to such an owner all
18 notices of lapse of an individual policy; or

19 (d) At any other time that the commissioner may require by rule.

1 (2)(a) The commissioner shall approve a document calculated to
2 appraise the consumer of his or her rights as an owner of a life
3 insurance policy. The document shall be made available at no cost to
4 all insurance companies and life insurance producers and written in lay
5 terms.

6 (b) The document shall advise the consumer:

7 (i) That life insurance is a critical part of a broader financial
8 plan, and that the consumer is encouraged, and has a right, to seek
9 additional financial advice and opinions;

10 (ii) That possible alternatives to lapse exist; and

11 (iii) Of the definitions of common industry terms.

12 (c) In addition to the information described in (a) and (b) of this
13 subsection, the document must contain the following statement in large,
14 bold, or otherwise conspicuous typeface calculated to draw the eye:
15 "Life insurance is a critical part of a broader financial plan. There
16 are many options available, and you have the right to shop around and
17 seek advice from different financial advisers in order to find the
18 option best suited to your needs."

19 (d) The document may include brief descriptions of common products
20 available from providers. These products must be discussed in general
21 terms for informative purposes only, and not identifiable to any
22 specific provider.

23 (e) The document will be considered part of the notice required in
24 subsection (1) of this section.

25 (3) The requirements of this section do not apply to term life
26 insurance policies, except those that are in the process of conversion
27 into a policy other than a term life insurance policy.

28 (4) For the purposes of this section, "term life insurance" means
29 life insurance that provides a death benefit only if the insured dies
30 during the period specified in the policy and coverage ceases without
31 value if the insured survives until the end of such period.

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