# SENATE BILL REPORT
## SHB 2322

As of February 2, 2018

**Title**: An act relating to risk mitigation in property insurance.

**Brief Description**: Allowing property insurers to assist their insureds with risk mitigation goods or services.

**Sponsors**: House Committee on Business & Financial Services (originally sponsored by Representatives Stanford, Kirby, Vick, Barkis, McDonald and Ryu; by request of Insurance Commissioner).

**Brief History:** Passed House: 1/22/18, 95-0.
Committee Activity: Financial Institutions & Insurance: 2/01/18.

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### Brief Summary of First Substitute Bill

- Allows a personal property insurer to provide up to $1,000 in value for risk mitigation goods and services with prior approval from the Office of the Insurance Commissioner (OIC).

- Authorizes a personal property insurer to conduct a two year pilot program as a risk mitigation strategy.

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## SENATE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

**Staff**: Jeff Olsen (786-7428)

**Background**: An insurer, insurance producer, or title insurance agent may not offer or pay to the insured any rebate, reduction of premium, commission, shares of stock, or any other valuable consideration not expressly provided for in the policy as an inducement to signing up for insurance. There are certain exceptions to the restriction, including authorizing limited advertising or promotional activities. For example, insurers and insurance producers may offer advertising or promotional programs including prizes, goods, wares, or merchandise, not exceeding $100 in value per person in any 12-month period. The promotional programs must be offered to all insureds or prospective insureds under similar qualifying circumstances.

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*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.*

**Summary of Bill**:  A personal property insurer may include up to $1,000 in value over a 12-month period for goods and services intended to reduce losses from a covered event as part of a personal property insurance policy.  Examples of goods and services that may be offered include a water monitor, foundation strapping, home safety monitoring, brush clearing, or other goods and services approved by OIC.  An insurer must receive prior approval from OIC before offering risk mitigation goods and services.  To obtain approval from OIC, an insurer must include information in its rate filing including a description of the risk goods or services provided, the method for delivering those goods and services, and the selection criteria for an insured to receive those goods and services.  A rate filing by a personal property insurer for a policy that includes risk mitigation goods and services must demonstrate that its rates account for the expected costs and the reduction in claims costs resulting from providing the goods and services. OIC may adopt rules as necessary to implement the bill.

An insurer may conduct a two year risk mitigation strategy pilot program by offering risk mitigation goods and services in accordance with rules adopted by OIC.  Insurers in the pilot program are exempt from including information about the risk mitigation goods and services in their rate filings.

**Appropriation**:  None.

**Fiscal Note**:  Available.

**Creates Committee/Commission/Task Force that includes Legislative members**:  No.

**Effective Date**:  Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony**:  PRO:  This bill lines up with Senate bill 6035 and is well supported, however, there are a few technical changes that need to be made.  Insurers support the bill but are also requesting further changes to incorporate into the bill and expect to have agreed upon amendments.

**Persons Testifying**:  PRO:  Lonnie Johns-Brown, Office of the Insurance Commissioner; Carrie Tellefson, USAA; Dan McGrady, PEMCO Insurance.

**Persons Signed In To Testify But Not Testifying**:  No one.