

SENATE BILL REPORT

SB 6035

As of January 5, 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: Senator Mullet; by request of Insurance Commissioner.

Brief History:

Committee Activity: Financial Institutions & Insurance: 1/09/18.

Brief Summary of Bill

- Allows a personal property insurer to provide up to \$500 in value for risk mitigation goods and services with prior approval from the Office of the Insurance Commissioner (OIC).

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.

Summary of Bill: A personal property insurer may include up to \$500 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 the OIC. An insurer must receive prior approval from

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the OIC before offering risk mitigation goods and services. To obtain approval from the 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. The OIC may adopt rules as necessary to implement the bill.

Appropriation: None.

Fiscal Note: Requested on January 4, 2018.

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

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