

CERTIFICATION OF ENROLLMENT

SUBSTITUTE HOUSE BILL 2322

65th Legislature
2018 Regular Session

Passed by the House March 6, 2018
Yeas 98 Nays 0

Speaker of the House of Representatives

Passed by the Senate March 2, 2018
Yeas 48 Nays 0

President of the Senate

Approved

Governor of the State of Washington

CERTIFICATE

I, Bernard Dean, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SUBSTITUTE HOUSE BILL 2322** as passed by House of Representatives and the Senate on the dates hereon set forth.

Chief Clerk

FILED

**Secretary of State
State of Washington**

SUBSTITUTE HOUSE BILL 2322

AS AMENDED BY THE SENATE

Passed Legislature - 2018 Regular Session

State of Washington 65th Legislature 2018 Regular Session

By House Business & Financial Services (originally sponsored by Representatives Stanford, Kirby, Vick, Barkis, McDonald, and Ryu; by request of Insurance Commissioner)

READ FIRST TIME 01/18/18.

1 AN ACT Relating to risk mitigation in property insurance; adding
2 new sections to chapter 48.18 RCW; adding a new section to chapter
3 48.19 RCW; and creating a new section.

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

5 NEW SECTION. **Sec. 1.** The legislature finds that allowing
6 property insurers to assist their insureds with risk mitigation
7 and/or prevention goods and/or services could help prevent, or reduce
8 the severity of claims and losses. The legislature further finds that
9 property insurers engage in supporting insureds through disaster or
10 emergency response activities when there is an imminent threat of
11 damage to insured property, such as wildfire prevention defense
12 efforts that provide fire retardants to homes in a wildfire area or
13 send crews to combat wildfires to protect insureds' homes. The
14 legislature further finds that assisting insureds with risk
15 mitigation and prevention and providing disaster or emergency
16 response activities are both useful in preventing economic loss, and
17 should be exempt from the prohibition against inducements under RCW
18 48.30.140 and 48.30.150.

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

1 (1) With the prior approval of the commissioner, a property
2 insurer may include the following either goods or services, or both,
3 intended to reduce either the probability of loss, or the extent of
4 loss, or both, from a covered event as part of a policy of property
5 insurance, except commercial property insurance:

6 (a) Goods, including a water monitor;

7 (b) Foundation strapping to mitigate losses due to earthquake;

8 (c) Ongoing services, including home safety monitoring or brush
9 clearing to mitigate losses due to wildfire; and

10 (d) Other either goods or services, or both, as the commissioner
11 may identify by rule.

12 (2) Any goods provided are owned by the insured, even if the
13 insurance is subsequently canceled.

14 (3) The value of goods and services to be provided is limited to
15 one thousand five hundred dollars in value in the aggregate in any
16 twelve-month period.

17 (4) In order to receive prior approval of the commissioner, and
18 except as provided in subsection (6) of this section, the property
19 insurer must include the following in its rate filing:

20 (a) A description of either the specific goods or services, or
21 both, to be offered;

22 (b) A description of the method of delivering either the specific
23 goods or services, or both, being offered; and

24 (c) The selection criteria for insureds receiving either the
25 specific goods or services, or both, being offered.

26 (5) This section does not require the commissioner to approve any
27 particular proposed benefit. The commissioner may disapprove any
28 proposed noninsurance benefit that the commissioner determines may
29 tend to promote or facilitate the violation of any other section of
30 this title. However, if the commissioner approves the inclusion of
31 either the goods or services, or both, in a policy of property
32 insurance, except commercial property insurance, it does not
33 constitute a violation of RCW 48.30.140 or 48.30.150.

34 (6)(a) A property insurer may conduct a pilot program as either a
35 risk mitigation or prevention, or both, strategy through which the
36 insurer offers or provides risk mitigation and/or prevention goods
37 and/or services identified in subsection (1) of this section in
38 connection with an insurance policy covering property risks, except
39 commercial property insurance, in accordance with rules adopted by
40 the commissioner.

1 (b) A property insurer offering or providing risk mitigation
2 and/or prevention goods and/or services through a pilot program under
3 this subsection is exempt from including information about the risk
4 mitigation and/or prevention goods and/or services in its rate filing
5 as is otherwise required under subsection (4) of this section and
6 section 3 of this act.

7 (c) A property insurer's pilot program may last no longer than
8 two years.

9 (7) This section does not apply to disaster or emergency response
10 activities of a property insurer.

11 NEW SECTION. **Sec. 3.** A new section is added to chapter 48.19
12 RCW to read as follows:

13 (1) Except as provided in subsection (2) of this section, in
14 addition to other information required by this chapter, a rate filing
15 by a property insurer for a policy, except commercial property
16 insurance, that includes risk mitigation and/or prevention goods
17 and/or services under section 2 of this act, must demonstrate that
18 its rates account for the expected costs of the goods and services
19 and the reduction in expected claims costs resulting from either the
20 goods or services, or both.

21 (2) This section does not apply to:

22 (a) A property insurer offering or providing risk mitigation
23 and/or prevention goods and/or services through a pilot program
24 established in section 2(6) of this act; or

25 (b) Disaster or emergency response activities of a property
26 insurer.

27 NEW SECTION. **Sec. 4.** A new section is added to chapter 48.18
28 RCW to read as follows:

29 The commissioner may adopt rules as necessary to implement
30 sections 2 and 3 of this act, including but not limited to:

31 (1) Rules requiring a notice to insureds or potential insureds
32 regarding their ability to opt out of receiving any risk mitigation
33 and/or prevention goods and/or services;

34 (2) Rules increasing the value of either the goods or services,
35 or both, permitted under section 2(1) of this act;

36 (3) Rules establishing requirements for pilot programs authorized
37 under section 2(6) of this act; and

1 (4) Rules identifying which insurer disaster or emergency
2 response activities are exempt from sections 2 and 3 of this act and
3 RCW 48.30.140 and 48.30.150.

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