CERTIFICATION OF ENROLLMENT

**SUBSTITUTE SENATE BILL 5720**

Chapter 446, Laws of 2023

68th Legislature

2023 Regular Session

COMMERCIAL PROPERTY INSURANCE—RISK MITIGATION GOODS AND SERVICES

EFFECTIVE DATE: July 23, 2023

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| Passed by the Senate April 19, 2023  Yeas 49 Nays 0  DENNY HECK  **President of the Senate**  Passed by the House April 7, 2023  Yeas 97 Nays 0  LAURIE JINKINS  **Speaker of the House of Representatives** | CERTIFICATE  I, Sarah Bannister, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SUBSTITUTE SENATE BILL 5720** as passed by the Senate and the House of Representatives on the dates hereon set forth.  SARAH BANNISTER  Secretary |
| Approved May 11, 2023 10:14 AM | May 11, 2023 |
| JAY INSLEE  **Governor of the State of Washington** | **Secretary of State**  **State of Washington** |

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**SUBSTITUTE SENATE BILL 5720**

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AS AMENDED BY THE HOUSE

Passed Legislature - 2023 Regular Session

**State of Washington 68th Legislature 2023 Regular Session**

**By** Senate Business, Financial Services, Gaming & Trade (originally sponsored by Senator Stanford)

AN ACT Relating to risk mitigation in property insurance; and amending RCW 48.18.558, 48.18.559, and 48.19.530.

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

**Sec.**  RCW 48.18.558 and 2018 c 239 s 2 are each amended to read as follows:

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

(a) Goods, including a water monitor;

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

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

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

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

(3) The value of goods and services to be provided is limited to ((~~one thousand five hundred dollars~~)) $7,500 or ten percent of the annual policy premium, whichever is greater, in value in the aggregate in any ((~~twelve-month~~)) 12-month period.

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

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

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

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

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

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

(b) A property insurer offering or providing risk mitigation and/or prevention goods and/or services through a pilot program under this subsection is exempt from including information about the risk mitigation and/or prevention goods and/or services in its rate filing as is otherwise required under subsection (4) of this section and RCW 48.19.530.

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

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

**Sec.**  RCW 48.18.559 and 2018 c 239 s 4 are each amended to read as follows:

The commissioner may adopt rules as necessary to implement RCW 48.18.558 and 48.19.530, including but not limited to:

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

(2) ((~~Rules increasing the value of either the goods or services, or both, permitted under RCW 48.18.558(1);~~

~~(3)~~)) Rules establishing requirements for pilot programs authorized under RCW 48.18.558(6); and

((~~(4)~~)) (3) Rules identifying which insurer disaster or emergency response activities are exempt from RCW 48.18.558 and 48.19.530 and RCW 48.30.140 and 48.30.150.

**Sec.**  RCW 48.19.530 and 2018 c 239 s 3 are each amended to read as follows:

(1) Except as provided in subsection (2) of this section, in addition to other information required by this chapter, a rate filing by a property insurer for a policy((~~, except commercial property insurance,~~)) that includes risk mitigation and/or prevention goods and/or services under RCW 48.18.558, must demonstrate that its rates account for the expected costs of the goods and services and the reduction in expected claims costs resulting from either the goods or services, or both.

(2) This section does not apply to:

(a) A property insurer offering or providing risk mitigation and/or prevention goods and/or services through a pilot program established in RCW 48.18.558(6); or

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

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Passed by the Senate April 19, 2023.

Passed by the House April 7, 2023.

Approved by the Governor May 11, 2023.

Filed in Office of Secretary of State May 11, 2023.