
**Consumer Protection & Business
Committee**

HB 1634

Brief Description: Concerning residential insurance policies.

Sponsors: Representatives Reeves and Morgan.

Brief Summary of Bill

- Prohibits residential insurance policy insurers from denying, canceling, refusing to renew, or modifying an existing residential insurance policy for the principal reason that an applicant or insured owns a specific breed or mixture of breeds of dog.
- Permits insurers to refuse to issue, renew, cancel, or impose a reasonable premium rate increase for a residential insurance policy, when based on sound underwriting and actuarial principles, including if a particular dog is known to be dangerous, or declared dangerous under Washington law.

Hearing Date: 2/3/23

Staff: Michelle Rusk (786-7153).

Background:

Insurers and Insurance Policies.

The Insurance Commissioner (Commissioner) is responsible for the licensing and regulation of insurance companies doing business in this state, as well as regulating the form and content of insurance contracts and approving insurance rates, as provided for in the Insurance Code (Code).

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

Insurers.

Insurers seeking certificates of authority to transact insurance in this state must possess required capital funds, limit insurance transactions to those allowed by the insurer's charter and the Code, and otherwise meet the Code's standards and requirements.

Policies and Premiums.

An insurance policy is a contract between the insured and the insurance company, establishing what the company agrees to do in exchange for the premium paid by the insured. The contract also describes the insured's responsibilities and general terms of coverage. Different types of insurance policies are available, including life, home, health, and auto. For a homeowner's insurance policy, a description of the property coverage and the loss it covers, as well as liability coverage, will be provided. There may be an exclusions section of the policy, which outlines specific coverages or perils not covered by the policy.

Premium rates for insurance may not be excessive, inadequate, or unfairly discriminatory. A rate is reasonable and not excessive, inadequate, or unfairly discriminatory if it is an actuarially sound estimate of the expected value of all future costs associated with an individual risk transfer. Before offering insurance policies to consumers, a personal property insurer must file proposed rates with the Commissioner. Additionally, no insurer may unfairly discriminate between insureds having substantially similar insuring, risk, and exposure factors, in the terms or conditions of any insurance contract, rate or amount of premium charged, or benefits payable.

When an insurance policy is subject to expiration, or cancellation by the insurer, the policy may be renewed or canceled if the insurer delivers or mails written notice of nonrenewal or cancellation to the named insured at least 45 days before expiration or cancellation of the policy. With respect to a homeowner's insurance policy specifically, insurers may not deny an application for a homeowner's insurance policy, or cancel, refuse to renew, or modify an existing policy, for the principal reason that the applicant or insured is a foster parent.

Summary of Bill:

Prohibition.

An insurer licensed to write residential insurance policies in Washington must not, if the principal reason is that the applicant or insured owns or possesses a specific breed or mixture of breeds of a dog harbored or owned on an applicable property: (1) deny an application for a residential insurance policy; or (2) cancel, refuse to renew, or modify an existing residential insurance policy. Insurers may not ask or inquire about a specific breed or mixture of breeds of a dog harbored or owned on an applicable property.

Residential insurance policy means insurance that covers damage or loss to all types of homes and tenure type including, but not limited to, renters and owners for site-built homes, manufactured homes, factory-built homes, and mobile homes, and excludes commercial insurance.

Exception.

An insurer is not prohibited, based on sound underwriting and actuarial principles, including but not limited to whether a particular dog is known to be dangerous, or declared dangerous under Washington's laws concerning dogs, from: (1) refusing to issue; or (2) renewing, cancelling, or imposing a reasonable premium rate increase for a residential insurance policy.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.