

HOUSE BILL REPORT

SSB 5798

As Reported by House Committee On:
Consumer Protection & Business

Title: An act relating to extending the required notice of cancellation or nonrenewal of certain types of insurance policies to 60 days.

Brief Description: Extending certain insurance notice requirements.

Sponsors: Senate Committee on Business, Financial Services, Gaming & Trade (originally sponsored by Senators Kuderer, Shewmake, Hasegawa and Wellman).

Brief History:

Committee Activity:

Consumer Protection & Business: 2/16/24, 2/21/24 [DPA].

Brief Summary of Substitute Bill
(As Amended by Committee)

- Extends the time period for providing written notice of cancellation or nonrenewal of insurance policies, other than medical malpractice, private passenger automobile, and certain fire policies, from 45 days to 60 days.

HOUSE COMMITTEE ON CONSUMER PROTECTION & BUSINESS

Majority Report: Do pass as amended. Signed by 10 members: Representatives Walen, Chair; Reeves, Vice Chair; Robertson, Ranking Minority Member; Chapman, Connors, Donaghy, Hackney, Ryu, Sandlin and Santos.

Minority Report: Do not pass. Signed by 1 member: Representative Volz.

Minority Report: Without recommendation. Signed by 2 members: Representatives McClintock, Assistant Ranking Minority Member; Corry.

Staff: Michelle Rusk (786-7153).

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.

Background:Written Notice Requirements for the Cancellation or Nonrenewal of an Insurance Policy.

The Washington Insurance Code (Code) establishes requirements insurers must comply with to cancel or not renew an insurance policy. For example, insurers must provide written notice to policyholders within a certain number of days of a policy's cancellation or nonrenewal effective date.

Subject to specified exceptions, the Code establishes the following notice requirements for certain policy cancellations or nonrenewals:

- 45 days for insurance policies, other than medical malpractice, private passenger automobile, or certain fire insurance policies;
- 90 days for medical malpractice insurance policies;
- 5 days or 20 days for certain fire insurance policies, depending on the circumstances; or
- 20 days for private passenger automobile insurance policies.

If the policy cancellation is for nonpayment of premiums, 10 days' notice is required for all applicable policies. Additionally, only 10 days' notice is required if the cancellation is within the first 30 days after a private passenger automobile insurance contract is in effect.

Summary of Amended Bill:Written Notice Requirements for the Cancellation or Nonrenewal of an Insurance Policy.

The time period for providing written notice of cancellation or nonrenewal of insurance policies, other than medical malpractice, private passenger automobile, or certain fire policies is 60 days.

This new requirement applies to all affected policies issued on or after July 1, 2025.

Amended Bill Compared to Substitute Bill:

The amended bill removes changes to insurers' notice requirements for cancellation or nonrenewal of private passenger automobile insurance policies and restores current law requiring 20 days' written notice before cancelling or not renewing a private passenger automobile insurance policy.

Appropriation: None.

Fiscal Note: Available. New fiscal note requested on February 22, 2024.

Effective Date of Amended Bill: The bill takes effect on July 1, 2025.

Staff Summary of Public Testimony:

(In support) This is a very simple but important bill. The state is experiencing a hard insurance market, and nonrenewal issues are occurring for many constituents who have been with an insurance company for a long time. Out of the blue, constituents are getting a notice that their home will no longer have insurance with very little notice and time for a remedy. This bill gives people a little bit of extra time to secure replacement insurance.

This bill does not change any of the reasons or parameters for which insurers can issue a nonrenewal notice. It does not impact an insurers ability to cancel a policy if there is nonpayment of a premium. This policy is a reasonable approach in light of the difficulties consumers are having with finding new coverage, and with prices going up. Washington is in the middle of the range in terms of time allowed for nonrenewal notices. About 10 states require 60 days' notice, California requires 75 days, and Alabama requires 150 days.

(Opposed) None.

(Other) Property and casualty (P&C) insurers think the policy needs a bit more work. Much of the focus has been on home and automobile insurance notice requirements. Property and casualty insurers would like an amendment that keeps commercial policy notices at 45 days. It was unclear if commercial policies are swept up in this bill, and it looks like some of them are, but not all.

Persons Testifying: (In support) Senator Patty Kuderer, prime sponsor; Bryon Welch, Office of the Insurance Commissioner; and Bill Stauffacher, Independent Insurance Agents and Brokers of Washington.

(Other) Kris Tefft, American Property Casualty Insurance Association.

Persons Signed In To Testify But Not Testifying: None.