
SUBSTITUTE SENATE BILL 5720

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)

READ FIRST TIME 02/17/23.

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

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

4 **Sec. 1.** RCW 48.18.558 and 2018 c 239 s 2 are each amended to
5 read as follows:

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

11 (a) Goods, including a water monitor;

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

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

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

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

19 (3) The value of goods and services to be provided is limited to
20 (~~(one thousand five hundred dollars)~~) \$7,500 or ten percent of the

1 annual policy premium, whichever is greater, in value in the
2 aggregate in any (~~twelve-month~~) 12-month period.

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

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

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

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

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

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

27 (b) A property insurer offering or providing risk mitigation
28 and/or prevention goods and/or services through a pilot program under
29 this subsection is exempt from including information about the risk
30 mitigation and/or prevention goods and/or services in its rate filing
31 as is otherwise required under subsection (4) of this section and RCW
32 48.19.530.

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

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

37 **Sec. 2.** RCW 48.18.559 and 2018 c 239 s 4 are each amended to
38 read as follows:

1 The commissioner may adopt rules as necessary to implement RCW
2 48.18.558 and 48.19.530, including but not limited to:

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

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

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

10 ~~((4))~~ (3) Rules identifying which insurer disaster or emergency
11 response activities are exempt from RCW 48.18.558 and 48.19.530 and
12 RCW 48.30.140 and 48.30.150.

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

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

23 (2) This section does not apply to:

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

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

--- END ---