SENATE BILL REPORT
SB 6244

As of January 22, 2020

Title: An act relating to notification of insurance policy sublimits on the policy's declarations page.

Brief Description: Requiring sublimits to insurance coverage to be noted on the policy declarations page.

Sponsors: Senators Wellman, Das, Hasegawa, Wilson, C. and Saldaña.

Brief History:
Committee Activity: Financial Institutions, Economic Development & Trade: 1/23/20.

Brief Summary of Bill

- Requires any rider, endorsement, or application made part of an insurance policy to be noted on the declarations page, with certain information on the coverage included in its description.

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, ECONOMIC DEVELOPMENT & TRADE

Staff: Kellee Gunn (786-7429)

Background: The Insurance Contract. An insurance policy is a contract between the insured and the insurance company, and details 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. The contract is divided into a declarations page, and the policy itself.

The Declarations Page. The declarations page—commonly referred to as a dec sheet—includes basic details of the insurance contract and typically includes the policy number, the effective dates, the address of the insured property, the mortgage holder, the coverages, coverage limits, the premium, and any discounts.

The Insurance Policy. The insurance policy is the entire insurance contract, and includes the insuring agreements, definitions, and conditions. For a homeowner's insurance policy, a

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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. Typically flood and earthquake coverage are excluded from homeowners and renter's policies unless purchased as an endorsement or rider. An endorsement or rider addresses issues or items not in the original, contract and can be added to a homeowner or renters' policy, life insurance policy, or auto insurance policy.

Insurance policies may also have limits of coverage providing the insured the largest dollar amount covered for different types of losses. A policy may even have sublimits to the limit of coverage. An example of this would be for a policy to have a certain dollar limit for personal property, of which only a fraction of the limit would cover certain items, such as computers.

No insurance policy or application form may be issued, delivered, or used in Washington State unless it has been filed with the Office of the Insurance Commissioner, except in certain instances.

Summary of Bill: Any rider, endorsement, or application attached to and made a part of an insurance policy must be noted clearly and unambiguously on the declarations page of that policy form. The description of the rider, endorsement, or application must include whether it expands or restricts coverage from the base policy, and state whether it creates or enforces a sublimit within its coverage in its description.

Appropriation: None.

Fiscal Note: Requested on January 18, 2020.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.