SENATE BILL REPORT
SB 5798

As of January 10, 2024

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: Senators Kuderer, Shewmake, Hasegawa and Wellman.

Brief History:
Committee Activity: Business, Financial Services, Gaming & Trade: 1/11/24.

Brief Summary of Bill

- Extends the written notice requirement for cancellation or nonrenewal of an auto insurance policy from 20 days to 60 days.
- Extends the written notice requirement for cancellation or nonrenewal of health, and property and casualty insurance policies from 45 days to 60 days.

SENATE COMMITTEE ON BUSINESS, FINANCIAL SERVICES, GAMING & TRADE

Staff: Kellee Gunn (786-7429)

Background: Written Notice Required for the Cancellation or Nonrenewal of an Insurance Policy. An insurance contract establishes conditions in which the insurer may cancel or not renew an insurance policy. Though the reasons for cancellation or nonrenewal are contract dependent, they may be the result of nonpayment, increased risk, excessive claims, or fraud or misrepresentation by the insured. By state law, an insurer must give the insured a certain number of days written notice prior to the effective date of the cancellation or nonrenewal. The amount of written notice an insurer is required to give is dependent on the type of insurance policy and whether it is for nonpayment of a premium.

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.

The following lists insurance policies and the amount of written notice required to be given by the insurer before the effective date of the nonrenewal or cancellation as prescribed under Washington State Law:

- health insurance, and property and casualty insurance policies require 45 days' notice;
- auto insurance policies require 20 days' notice;
- fire insurance policies for abandoned and at-risk buildings requires either 5 days’ or 20 days’ notice, dependent on the situation; and
- medical malpractice insurance policies require 90 days' notice.

If there is nonpayment of a premium for a health, property and casualty or medical malpractice insurance policy the amount of written notice required is 10 days before the effective date of cancellation. If there is nonpayment of a premium for an auto insurance policy, or it is within the first 30 days of the contract, the amount of written notice required for cancellation by the insurer is also at least 10 days.

Written notice may be delivered by mail, electronic facsimile, or personal delivery.

Summary of Bill: The amount of time an insurer must give written notice for either cancellation or nonrenewal of an auto insurance policy is extended from 20 days' to 60 days' notice before the effective date.

The amount of time an insurer must give written notice for a cancellation or nonrenewal of a health, or property and casualty insurance policy is extended from 45 days' to 60 days' notice before the effective date.

Appropriation: None.

Fiscal Note: Requested on January 5, 2024.

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

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