ENGROSSED SENATE BILL 5721

State of Washington 69th Legislature 2025 Regular Session

By Senators Stanford, Valdez, Hasegawa, Riccelli, Alvarado, Nobles, Orwall, Slatter, Trudeau, and Wellman

Read first time 02/10/25. Referred to Committee on Business, Financial Services & Trade.

AN ACT Relating to enhancing consumer protections for automobile insurance coverage; and adding a new section to chapter 48.18 RCW.

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

NEW SECTION. **Sec. 1.** A new section is added to chapter 48.18 RCW to read as follows:

(1) Every automobile insurance policy that includes first-party coverage for physical damage issued or renewed effective on or after January 1, 2026, must include a provision for the right to an appraisal to resolve disputes between the insurer and the insured regarding the actual cash value and amount of loss on the damaged automobile. The appraisal clause must include the following language, or corresponding language that the insurer certifies is at least as favorable to the insured:

"If . . . (the insurance company) . . . and . . . (the policyholder) . . . are unable to agree as to the amount of loss, either party may make a written demand for an appraisal, and within 10 days each party shall select a competent and disinterested appraiser and notify the other party of its selection.

The appraisers shall then each appraise the actual cash value and the amount of loss, make separate findings regarding the amount of

loss for each element of loss, and exchange their completed appraisals. If the appraisers are unable to agree on the losses, the selected appraisers shall appoint a competent and disinterested umpire and submit their differences to the umpire. If the appraisers do not appoint a competent and disinterested umpire within 15 days, either appraiser may notify the commissioner, and the commissioner shall identify a registered competent and disinterested umpire that will be used according to the process that the commissioner specifies by rule.

The appraisers must make their appraisals within 30 calendar days of selection. If an appraiser needs more than 30 days, the appraiser shall provide a reasonable basis to the other appraiser before 25 days has passed. The appraiser must document the reason or reasons for the extension in their file.

The amount of loss must be determined either by agreement of the appraisers or by agreement of one appraiser and the umpire.

Each party is responsible for their appraisal expenses, and each party is equally responsible for the cost of the umpire.

If the amount of loss determined through the appraisal process is greater than the amount of loss . . . (the insurance company) . . . adjusted before the appraisal process was invoked by an amount of $500 or more, . . . (the insurance company) . . . will reimburse . . . (the policyholder) . . . for the costs incurred for the appraisal process.

The appraisal process costs include reasonable appraiser professional charges, reasonable attorneys' fees, and other necessary actual costs."

(2) Neither party may demand an appraisal until 10 days after the insurer receives notification of the claim.

(3) For purposes of this section, the following definitions apply:

(a) "Appraiser" means a person selected by the insurer or the insured to place a value on or estimate the amount of loss under an appraisal clause in an insurance contract;

(b) "Competent" means the person has subject matter expertise, relevant training, and experience to make decisions and valuations relating to the amount of loss;

(c) "Disinterested" means the person does not have a direct financial interest in the outcome of the appraisal process; and

(d) "Umpire" means a person selected by the appraisers representing the insurer and the insured, or, if the appraisers cannot agree, by the commissioner, who is charged with resolving issues that the appraisers are unable to agree upon during the course of an appraisal.

(4) The commissioner may adopt rules as necessary to implement this section.

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