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SENATE BILL 6178

State of Washington 69th Legislature 2026 Regular Session

By Senators Hunt, Cortes, Frame, and Nobles; by request of Insurance Commissioner

Read first time 01/15/26. Referred to Committee on Business, Trade & Economic Development.

AN ACT Relating to prohibiting the post-loss assignment of benefits in property insurance; adding a new section to chapter 48.30 RCW; and creating a new section.

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

NEW SECTION. **Sec. 1.** The legislature finds that a post-loss assignment of benefits in property claims is a contractual agreement that, once signed, transfers the insurance claim rights and benefits within the policyholder's insurance policy to a third party. This contractual arrangement usually involves a restoration or mitigation contractor doing some, or all, of the repairs of the covered property. This assignment agreement is different than the policyholder authorizing direct payment to the restoration or mitigation contractor from the insurance company. It is also different than the assignment clause found in the conditions section within a property policy that prohibits the policyholder from assigning the policy to another entity unless approved by the insurance company.

The legislature further finds that a post-loss assignment agreement can allow, but not limit, the third party to: Collect insurance payments without the involvement of the policyholder; restrict communications on the claim to prohibit the policyholder's

involvement; and sue the insurance company without the consent of the policyholder.

The legislature finds that the basis of the relationship between the policyholder and the policyholder's insurance company is one affected by the public interest. The consumer protections in claims handling as set forth in the insurance code are intended for the benefit of the policyholder. Therefore, it is the intent of the legislature that the policyholder be the entity that has control of the policyholder's property claim with the policyholder's insurer.

NEW SECTION. **Sec. 2.** A new section is added to chapter 48.30 RCW to read as follows:

(1) No person shall solicit, coerce, require, or contract with any insured to enter into an assignment agreement, in whole or in part, whereby any post-loss insurance benefit under any property insurance coverage is assigned or transferred from the insured to the person. Such assignment agreement is void and unenforceable.

(2) The restriction in subsection (1) of this section does not apply to any of the following:

(a) An insured retaining the services of a licensed public adjuster under a written agreement to represent solely the policyholder's financial interest on the loss;

(b) An insured retaining the services of an attorney under a written agreement that compensates the attorney based on a percentage of a monetary recovery as permitted by the rules of professional conduct;

(c) An assignment, transfer, pledge, or conveyance granted to a federally insured financial institution, mortgagee, or subsequent purchaser of the property; or

(d) Liability coverage under a personal or commercial line insurance policy.

(3) Nothing in this section is construed to prohibit an insured from authorizing or directing payment to, or paying, a person for services, materials, or any other thing which may be, or is, covered under an insurance policy.

(4) If the commissioner has cause to believe that any person has violated the restriction in subsection (1) of this section the commissioner may take any of the actions under RCW 48.02.080 and impose a fine of $50,000 per violation. Any fine collected by the

commissioner under this section must be paid to the state treasurer for the account of the general fund.

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

(a) "Assignment agreement" means any instrument, by which post-loss benefits under any property insurance coverage including, but not limited to, any right of action against the insurer or any proceeds acquired from the insurer, are assigned or transferred to a person providing services to the insured including, but not limited to, inspecting, protecting, repairing, restoring, constructing, or replacing the insured's property or mitigating the insured's property against further damage;

(b) "Property insurance" has the same meaning as defined in RCW 48.11.040; and

(c) "Public adjuster" has the same meaning as defined in RCW 48.17.010.

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