



PROPOSED RULE MAKING

CR-102 (June 2012)

(Implements RCW 34.05.320)

Do NOT use for expedited rule making

Agency: Office of the Insurance Commissioner

- Preproposal Statement of Inquiry** was filed as WSR 15-13-068; or
 Expedited Rule Making--Proposed notice was filed as WSR _____; or
 Proposal is exempt under RCW 34.05.310(4) or 34.05.330(1).

- Original Notice**
 Supplemental Notice to WSR

 Continuance of WSR _____

Title of rule and other identifying information: (Describe Subject)
Notice of payment of settlements by insurers.

Insurance Commissioner Matter No. R 2015-06

Hearing location(s):
Insurance Commissioner's Office
TR 120
5000 Capitol Blvd.
Tumwater, WA 98504-0255

Date: May 10, 2016 Time: 10:00AM

Submit written comments to:
Name: Jim Tompkins
Address: PO Box 40258
Olympia, WA 98504-0258
e-mail rulescoordinator@oic.wa.gov
Fax: 360-586-3109 by (date) May 9, 2016

Assistance for persons with disabilities:
Contact: Lori Villaflores by May 9, 2016
TTY (360) 586-0241 or (360) 725-7087

Date of intended adoption: May 11, 2016
(Note: This is **NOT** the **effective** date)

Purpose of the proposal and its anticipated effects, including any changes in existing rules:
The proposed rules will consider requiring insurance companies to provide notice to individual third-party claimants of a settlement.

Reasons supporting proposal: The Commissioner recently had a situation in which the insurance company settled a claim with a third-party claimant to its insured and sent the settlement funds to the claimant's attorney. Rather than pay the funds onto the claimant, the attorney misappropriated the funds. By requiring insurance companies to give notice to the claimant when there has been a settlement of their claim, it may help to reduce a potential fraud.

Statutory authority for adoption: RCW 48.02.060 and RCW 48.30.010.

Statute being implemented: RCW 48.30.010.

Is rule necessary because of a:

Federal Law?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Federal Court Decision?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
State Court Decision?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

If yes, CITATION:

DATE
March 29, 2016

NAME (type or print)
Mike Kreidler

SIGNATURE

TITLE
Insurance Commissioner

CODE REVISER USE ONLY

OFFICE OF THE CODE REVISER
STATE OF WASHINGTON
FILED

DATE: March 29, 2016

TIME: 3:42 PM

WSR 16-08-024

Agency comments or recommendations, if any, as to statutory language, implementation, enforcement, and fiscal matters:

None

Name of proponent: (person or organization) Mike Kreidler, Insurance Commissioner

- Private
 Public
 Governmental

Name of agency personnel responsible for:

Name	Office Location	Phone
Drafting..... Jim Tompkins	PO Box 98504-0260 Olympia, WA 98504-0260	(360) 725-7036
Implementation.... Doug Hartz	PO Box 98504-0255 Olympia, WA 98504-0255	(360) 725-7214
Enforcement..... Doug Hartz	PO Box 98504-0255 Olympia, WA 98504-0255	(360) 725-7214

Has a small business economic impact statement been prepared under chapter 19.85 RCW or has a school district fiscal impact statement been prepared under section 1, chapter 210, Laws of 2012?

Yes. Attach copy of small business economic impact statement or school district fiscal impact statement.

A copy of the statement may be obtained by contacting:

Name:

Address:

phone () _____

fax () _____

e-mail _____

No. Explain why no statement was prepared.

The entities that must comply with the proposed rule are not small businesses, under chapter 19.85 RCW.

Is a cost-benefit analysis required under RCW 34.05.328?

Yes A preliminary cost-benefit analysis may be obtained by contacting:

Name: Jim Tompkins

Address: PO Box 40260
Olympia, WA 98504-0260

phone (360) 725-7036

fax (360) 586-3109

e-mail rulescoordinator@oic.wa.gov

No: Please explain:

NEW SECTION

WAC 284-30-396 Payee notification. (1) Upon the payment of five thousand dollars or more in settlement of any third-party liability claim, where the claimant is a natural person, the insurer must provide written notice to the claimant at the same time payment is made, by the insurer or its representative (including the insurer's attorney), to the claimant's attorney or other representative of the claimant by draft, check or otherwise.

(2) This section does not create any cause of action for any person against the insurer, other than a government agency, based upon the insurer's failure to provide notice to a claimant as required by this section; nor does this section create a defense for any party to any cause of action based upon the insurer's failure to provide the notice.