



Property Casualty Insurers

Association of America

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Melanie Smith
Regional Manager, State Government Relations

July 12, 2016

Ms. Stacy Middleton
Rules Coordinator
Washington Office of the Insurance Commissioner
P.O. Box 40258
Olympia, WA 98504-0258

Via email to OIC Rules Coordinator

RE: CR-101, Matter No. R-2016-18: Acknowledgment for Motorists Rejecting Underinsured Motor Vehicle

Dear Ms. Middleton:

On behalf of the Property Casualty Insurers Association of America (PCI) and our members, whose members collectively write more than 32 percent of automobile insurance written in Washington today, I write to provide comments with regard to the above-referenced matter involving the acknowledgment for motorists rejecting underinsured motor vehicle (R 2016-18).

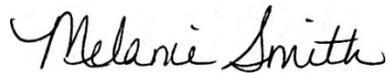
First, we want to express support for including language in the proposed rule to allow electronic rejections as long as they comply with federal law on electronic signatures (15 U.S.C. Sec. 7001). This would be a welcome improvement and modernization of the process. However, we do have the following questions and concerns:

- We have concerns about the form and statement requirements. PCI strongly suggests that the rule specify the required language for the form in order to avoid disputes and invalidation by the courts. If the rule does not contain the exact language to be provided, there will be litigation over the contents of the "discussion" and almost every waiver will be challenged after a loss. As an example, in Florida, the waiver statute is specific so insurers' forms track the statute (F.S.A. § 627.727) to include: "You are electing not to purchase certain valuable coverage which protects you and your family or you are purchasing uninsured motorist limits less than your bodily injury liability limits when you sign this form. Please read carefully." We also suggest that the font size also be addressed to state that the text be, "in bold type and at least as large as the other text contained in the form" to ensure that the text is distinct, but avoid proscribing a specific font size.
- PCI is concerned that the statement in WAC 284-20-300(5) requires the insured to acknowledge that they have "discussed" the risks with their producer or company. The discussion of risks would presumably require a phone call or office visit with an insurance agent, which is problematic because many customers buy insurance online or on mobile apps without ever speaking to an agent. Accordingly, it is our recommendation that the form include a specific acknowledgement that they understand that they are rejecting the coverage.

- We also recommend that the form must be obtained only when a change is made to the policy's underinsured motorist or bodily injury liability limits, that the form clearly state that the form is not required to be obtained on any other policy changes, and that completion of the form by any named insured applies to all other insureds under the policy.
- It is unclear what is meant by, "promptly deletes," in section two. We would ask for clarification on why this is necessary and how this would be applied. Is this intended to apply after the insured decides to reject coverage sometime after the policy is issued?

Thank you for the opportunity to provide comments on this matter. Please contact me, or PCI's Washington counsel, Mel Sorensen (sorensen@carneylaw.com), if we can provide additional information.

Sincerely,

A handwritten signature in cursive script that reads "Melanie Smith".

Melanie Smith