



RULE-MAKING ORDER PERMANENT RULE ONLY

CR-103P (December 2017) (Implements RCW 34.05.360)

CODE REVISER USE ONLY

OFFICE OF THE CODE REVISER
STATE OF WASHINGTON
FILED

DATE: June 21, 2023

TIME: 8:17 AM

WSR 23-13-114

Agency: Washington State Office of the Insurance Commissioner

Effective date of rule:

Permanent Rules

- 31 days after filing.
- Other (specify) June 1, 2024 (If less than 31 days after filing, a specific finding under RCW 34.05.380(3) is required and should be stated below)

Any other findings required by other provisions of law as precondition to adoption or effectiveness of rule?

- Yes
 - No
- If Yes, explain:

Purpose: Numerous consumer complaints and industry responses provided to the Washington State Office of the Insurance Commissioner demonstrate a need for insurers to provide transparency to policyholders for premium increases imposed at renewal. Requiring insurers to provide premium change transparency to their insurance consumers, disclosing the increases in a consumer's insurance costs at renewal, as well as the reasons causing increased policyholder premiums, will promote honesty and fairness in these insurance transactions and upholds the public interest in the business of insurance.

The Insurance Commissioner is adopting administrative regulations to achieve transparency for policyholders receiving premium increases from insurers at renewal. The rule aims to achieve transparency by defining the scope of insurer responsibility to explain the specific rate and rating factors that cause premiums to increase for consumers at renewal. The rule intends to furnish insurance consumers additional protections in the form of financial transparency and fairness in insurance renewal transactions, as well as the ability to make educated and informed decisions on purchasing or renewing policies, administering coverages, improving insurability and managing insurance costs.

Citation of rules affected by this order:

- New: Chapter 284-30A WAC
- Repealed:
- Amended:
- Suspended:

Statutory authority for adoption: RCW 48.02.060 for the Commissioner's general rulemaking authority to effectuate RCW 48.01.030, 48.18.180, 48.18.2901, 48.18.292, 48.18.480, 48.18.545, 48.19.020, 48.19.035, and 48.30.010.

Other authority: -

PERMANENT RULE (Including Expedited Rule Making)

Adopted under notice filed as WSR 23-07-077 on 3/14/23 (date).
Describe any changes other than editing from proposed to adopted version:

If a preliminary cost-benefit analysis was prepared under RCW 34.05.328, a final cost-benefit analysis is available by contacting:

- Name: Rules Coordinator
- Address: P.O. Box 40255, Olympia, WA 98504-0255
- Phone: 360-725-7171
- Fax: 360-586-3109
- TTY: 360-586-0241
- Email: RulesCoordinator@oic.wa.gov
- Web site: www.insurance.wa.gov
- Other: -

**Note: If any category is left blank, it will be calculated as zero.
No descriptive text.**

**Count by whole WAC sections only, from the WAC number through the history note.
A section may be counted in more than one category.**

The number of sections adopted in order to comply with:

Federal statute:	New	___	Amended	___	Repealed	___
Federal rules or standards:	New	___	Amended	___	Repealed	___
Recently enacted state statutes:	New	___	Amended	___	Repealed	___

The number of sections adopted at the request of a nongovernmental entity:

New	___	Amended	___	Repealed	___
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The number of sections adopted on the agency's own initiative:

New	10	Amended	___	Repealed	___
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The number of sections adopted in order to clarify, streamline, or reform agency procedures:

New	___	Amended	___	Repealed	___
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The number of sections adopted using:

Negotiated rule making:	New	___	Amended	___	Repealed	___
Pilot rule making:	New	___	Amended	___	Repealed	___
Other alternative rule making:	New	___	Amended	___	Repealed	___

Date Adopted: June 21, 2023

Name: Mike Kreidler

Title: Insurance Commissioner

Signature:



**Chapter 284-30A WAC
PREMIUM CHANGE TRANSPARENCY**

NEW SECTION

WAC 284-30A-010 Purpose. (1) Numerous consumer complaints filed with the commissioner about the premium increase explanations provided by insurers demonstrate a need for insurers to provide greater transparency to policyholders when their premiums increase.

(2) This chapter improves transparency in insurance by defining the scope of insurer responsibility to explain premium increases to policyholders.

(3) Insurers shall provide the premium change transparency required by this chapter to their policyholders indicating the premium increases occurring at renewal. Failure to provide the premium change transparency required by this chapter is hereby defined as an unfair and deceptive practice in the business of insurance under chapters 284-30 WAC and 48.30 RCW.

NEW SECTION

WAC 284-30A-020 Scope of applicability. (1) This chapter applies to policies renewed on or after June 1, 2024.

(2) This chapter applies to authorized insurers with the following types of personal insurance policies:

(a) Private passenger automobile coverage; and

(b) Homeowner's coverage, including mobile homeowners, manufactured homeowners, condominium owners, and renter's coverage.

(3) This chapter applies to renewals of policies and will not apply to the purchase of new policies or new insurance applications.

(4) Exemptions:

(a) This chapter does not apply to personal insurance policies for coverage of boats, motorcycles, off-road vehicles, recreational vehicles, antique or collector vehicles, classic vehicles, and specialty vehicles.

(b) Insurers of health, disability, life, and long-term care are exempt from compliance with this chapter. Health care services contractors and health maintenance organizations are also exempt from compliance with this chapter.

(c) Nothing in this chapter requires insurers to disclose the contents of credit-based insurance scoring models, company placement criteria or eligibility rules, and strictly confidential insurance company trade secrets, as defined by chapter 19.108 RCW (Uniform Trade Secrets Act). However, insurers may need to provide information specific to the policyholder that has been produced through or resulting from these sources to comply with this chapter.

(d) Information in a filing on "usage-based insurance" and about the usage-based component of the rate is confidential and exempt from this chapter, pursuant to RCW 48.19.040.

(e) This chapter does not apply to policyholder-initiated changes to insurance coverages, policies, or premiums.

(f) This chapter does not apply to personal umbrella policies.

(5) This chapter is not intended to contradict or conflict with the Fair Credit Reporting Act (15 U.S.C. Sec. 1681).

(6) This chapter, and the associated premium change transparency requirements, are in addition to and separate from the disclosure requirements contained in chapter 284-24A WAC.

(7) Violation of this regulation is not a violation for purposes of RCW 48.30.015(5).

NEW SECTION

WAC 284-30A-030 Definitions. When used in this chapter, these terms are defined as and have the following meaning:

(1) "Antique vehicle" or "collector vehicle" means a vehicle that is a classic vehicle and is at least 30 years old.

(2) "Classic vehicle" means a vehicle that is at least 10 years old and has historical interest for preservation or restoration.

(3) "Insurance" has the same meaning as provided in RCW 48.01.040.

(4) "Insurance policy" or "policy" or "insurance contract" or "contract" means any contract of insurance, indemnity, or suretyship, issued, proposed for issuance, or intended for issuance by any insurer that provides either:

(a) Private passenger automobile coverage; or

(b) Homeowner's coverage, including mobile homeowners, manufactured homeowners, condominium owners, and renter's coverage.

(5) "Insurer" means any individual, corporation, association, partnership, reciprocal exchange, interinsurer, fraternal mutual insurer, and any other legal entity engaged in the business of insurance, and which is authorized to issue and which issues any insurance policy or insurance contract in this state that provides either:

(a) Private passenger automobile coverage; or

(b) Homeowner's coverage, including mobile homeowners, manufactured homeowners, condominium owners, and renter's coverage.

(6) "Policyholder" means either the persons, entities, or both, listed on the declarations page as the named insured in an insurance policy. Policyholder does not include other covered individuals or lienholders.

(7) "Policy period" means the time or period during which insurance coverage is in effect.

(8) "Premium" has the same meaning as provided in RCW 48.18.170.

(9) "Premium change transparency" means either insurer explanations or notices provided to policyholders regarding premium increases occurring at renewal according to this chapter.

(10) "Written" or "in writing" means any retrievable method of recording an agreement or document, and, unless otherwise specified, includes paper and electronic formats.

NEW SECTION

WAC 284-30A-040 Premium change transparency thresholds. (1) Beginning June 1, 2024, and effective until June 1, 2027, insurers shall provide reasonable explanations, for insurance policies as described in WAC 284-30A-020, upon written request by the policyholder, for any premium increase occurring at renewal.

(2) Beginning June 1, 2027, insurers shall provide premium change notices, with reasonable explanations and primary factors, disclosing the causes of premium increases for insurance policies as described in WAC 284-30A-020. Insurers shall provide premium change notices automatically when a renewal will result in a 10 percent premium increase or more, or upon written request by the policyholder for any premium increase occurring at renewal.

NEW SECTION

WAC 284-30A-050 Premium change transparency administrative requirements. (1) **Insurer premium change transparency disclaimer:** Beginning June 1, 2024, insurers shall include a prominent disclaimer on the first page or view of renewal notices and renewal billing statements indicating, in **at least 12-point type bold font**, substantially similar language as the following: ***"Policyholders receiving an increase to their premiums at renewal can request an explanation by contacting their insurer in writing. Please see Chapter 284-30A WAC for additional information on your right to an explanation for your rate increase."***

(2) Insurers shall include their contact information in all premium change transparency to policyholders, and may include the producer's (if any), contact information.

(3) Consumers' written requests, and insurers' premium change transparency, are deemed to be requested and responded to at the date indicated by either postmark or electronic timestamp for delivery. In the event of duplicate requests or responses, for delivery by both mail and email, then this date will be determined as the earlier of either postmark or electronic timestamp for delivery.

(4) Insurers shall provide premium change transparency to the policyholder, and their producer (if any), according to the following:

(a) If upon written request, then no later than 20 calendar days from the receipt of the written request; and

(b) If upon renewal, due to a 10 percent premium increase or more, then automatically and no less than 20 calendar days prior to the effective date of the renewed policy.

(5) Insurers shall include a statement in all premium change transparency that the policyholder may contact their insurer to request additional information about the policyholder's premium increases.

(6) Insurers shall respond to and provide additional information for policyholder's subsequent requests for premium change transparency, no later than 20 calendar days from the receipt of any subsequent requests.

(7) Insurers shall send premium change transparency to policyholders in writing, and may send either explanations or notices via

postal mail, or may deliver either in email or electronic format, if the policyholder has consented to receive notifications electronically. All electronic correspondence, notices, and deliveries must comply with chapter 48.185 RCW.

(8) Insurers may send premium change transparency to the policyholder individually or with renewal notices.

(9) Insurers may provide policyholders with access to a language translation service specific to the premium change transparency. This can include either written or telephonic translation services. If an insurer translates premium change transparency, then the translations must comply with WAC 284-20B-150.

(10) Insurers' records related to premium change transparency are subject to RCW 48.05.280. Insurers' records must be retrievable and made accessible to the commissioner during the retention period.

NEW SECTION

WAC 284-30A-060 Premium change transparency notice requirements.

(1) Beginning January 1, 2027, insurers shall file the premium change notice with the commissioner, whether using the premium change notice provided in WAC 284-30A-080, or using an alternative version of the premium change notice. Insurers shall file any alternative premium change notice with the commissioner, so the premium change notice can be reviewed for sufficiently meeting or exceeding the standards outlined in this chapter.

(2) Insurers' failure to use the premium change notice in WAC 284-30A-080, or obtain commissioner approval to use alternative insurer premium change notices, when notice is required under this chapter, is a violation of this chapter.

(3) Insurers' premium change notice filings and requests to use alternative premium change notices shall be submitted electronically in the system for electronic rate and form filings (SERFF).

NEW SECTION

WAC 284-30A-070 Insurer communication standards. (1) Reasonable explanation is a communication standard that requires insurers to provide sufficient information, in terms that are understandable to an average policyholder, which enable the policyholder to figure out the basic nature of any premium increase.

(2) Primary factors is a communication standard that requires insurers to provide the specific rate and rating factors that caused the premium increase. The primary factors are the following:

(a) Auto-related factors (car garaging location, driving record, miles driven, number of drivers, and number of vehicles), claims history, discounts, fees and surcharges, demographic factors (age, credit history, education, gender, marital status, and occupation), property related factors (age, location, and value), premium capping, and rate changes (including those subject to rate stability rules, transition rules, or premium-capping rules, as referenced in WAC 284-24-130).

(b) Insurers shall include the primary factors in the premium change notice, if applicable to the premium increase, with any premium change notices processed for renewals effective on or after June 1, 2027. Factors not listed above as primary are considered as optional factors. Insurers may include additional optional factors not listed in this section, if applicable to the premium increase.

(3) Insurers may include composite rating variables in premium change transparency to inform policyholders of premium increases. However, if insurers include composite rating variables in their premium change transparency, then insurers shall explain the premium increase attributed to the composite rating variables.

(4) Insurers may include the use of estimated dollars in premium change transparency, if a reasonable explanation is provided by the insurers to the policyholders on the degree of accuracy estimated dollars achieve, as specifically applied to that policy and premium increase.

(5) Insurers may show separate impacts by the different perils or risks being covered and the type of coverage for each.

(6) This chapter does not prohibit insurers from sending premium change transparency for all premium increases beyond those required in this section.

NEW SECTION

WAC 284-30A-080 Premium change notice contents. (1) This section outlines the explanation required and minimum amount of information to include in the contents of the premium change notice. Insurers are permitted to provide additional information beyond these requirements.

(2) **Premium change notice.**

LICENSED INSURANCE COMPANY – NAME, ADDRESS, NAIC Number, & Notice Date

Policyholder Name, Policy Type, Covered Risks, Policy Number, Policy Period, and Effective Date

- **We are notifying you of a premium increase to your insurance policy. Your premium for this insurance policy has increased from (Total Amount) to (Total Amount) (insurers insert amounts).**
- **Your premium is impacted by (insurers insert primary factors such as auto-related factors, demographics, discounts, rates, and property related factors), which will cause the price of your insurance to increase at renewal.**
- **Here is an explanation for each reason of your premium increase (insurers shall communicate the reasons for the premium increases along with a corresponding explanation; insurers' explanations must include the percentage or dollar change occurring to the policyholder's premium at renewal):**

*Please note: Your future premiums may increase or decrease if you change your coverage, if there are changes in your risk characteristics that occur during this time frame, or by future rate change filings made by our company in your state.

If you have any questions, please contact your insurance company via telephone (), email (), postal mail (), or visit our website ().

NEW SECTION

WAC 284-30A-090 Penalties for noncompliance. (1) Insurers who fail to adhere to this chapter, including the provisions on content

requirements, timing, notice, and retention, are considered to have committed unfair and deceptive practices, and will be subject to the applicable remedies and penalties contained in chapters 284-30 WAC and 48.30 RCW.

(2) Insurers shall not enter into any agreement, arrangement, scheme, or understanding, or in any other manner pursue any course of conduct, designed or intended to avoid compliance with this chapter.

(3) Insurers are responsible for compliance with this chapter and cannot avoid liability by delegating premium change transparency requirements to third parties.

NEW SECTION

WAC 284-30A-100 Severability clause. If any section or portion of a section of this chapter or the applicability thereof to any person or circumstance is held invalid by a court, the remainder of this chapter or the applicability of the provision to other persons or circumstances shall not be affected.