

R 2022-01 Premium Change Transparency

Fourth Draft | January 19, 2023

Comments Due to OIC at RulesCoordinator@oic.wa.gov by Close of Business (5 PM): February 6, 2023

WAC 284-30A-010 Purpose.

- (1) Consumer complaints and industry responses provided to the Commissioner demonstrate that policyholders have not received sufficient explanations or transparency from insurers about policyholders' premium increases.
- (2) This chapter improves transparency in insurance pricing and rating by defining the scope of insurer responsibility to provide policyholders with Premium Change Notices and reasonable explanations communicating the specific factors impacting policyholder premiums at renewal.
- (3) Insurers shall provide the Premium Change Notice required by this chapter to their policyholders indicating the premium increases occurring at renewal. Failure to provide the Premium Change Notice 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.

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 of “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.

(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 Notice requirements, are in addition to and separate from the disclosure requirements contained in chapter 284-24A WAC.

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 thirty years old.
- (2) “Classic vehicle” means a vehicle that is at least ten 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 in 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) "Written" or "in writing" means any retrievable method of recording an agreement or document, and, unless otherwise specified, includes paper and electronic formats.

WAC 284-30A-040 Premium Change Notice Requirements.

- (1) Insurers shall provide the Premium Change Notice in this chapter to policyholders in accordance with the following:
 - (a) For insurance policies, as described in WAC 284-30A-020(2), renewed on or after June 1, 2024, upon written request by the policyholder for any premium increase occurring at renewal; and
 - (b) For insurance policies, as described in WAC 284-30A-020(2), renewed on or after June 1, 2027, automatically when a renewal will result in a 10% premium increase or more occurring at renewal, or upon written request by the policyholder for any premium increase occurring at renewal.
- (2) Insurers shall file the Premium Change Notice with the Commissioner, whether using the Premium Change Notice provided in WAC 284-30A-050, 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.
- (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).
- (4) Insurers' failure to use the Premium Change Notice in WAC 284-30A-050, or acquire Commissioner approval to use alternative insurer Premium Change Notices, when notice is required under WAC 284-30A-040, is a violation of this chapter.
- (5) Premium Change Notice Instructions to Insurers:
 - (a) **Insurer Premium Change Notice Disclaimer:** Insurers shall include a prominent disclaimer on the first page or view of renewal notices, declaration pages, and billing statements indicating in **increased sized, at least twelve-point type bold font**, substantially similar language as the following: ***"Policyholders receiving an increase to their premiums at renewal can request an explanation and Premium Change Notice by contacting their insurer in writing. Please see this authority for additional information on your consumer protections - Chapter 284-30A WAC."***
 - (b) Insurers shall send the Premium Change Notice to the policyholder, and their producer (if any), according to the following:
 - (i) If upon request, then no later than 20 calendar days from the date of the request; and
 - (ii) If upon renewal, due to a 10% premium increase or more, then no less than 20 calendar days prior to the effective date of the renewed policy.

- (c) Insurers shall include their contact information in the Premium Change Notice, and may include the producer's (if any), contact information.
 - (d) Insurers shall include a statement in the Premium Change Notice that the policyholder may contact their insurer to request additional information about the policyholder's premium increases.
 - (e) Insurers shall respond to and provide additional information for policyholder's subsequent requests related to the Premium Change Notice, no later than 20 calendar days from the date of any subsequent requests.
 - (f) Insurers may send the Premium Change Notice individually or with renewal notices.
 - (g) Insurers shall send the Premium Change Notice in writing, and may send the Premium Change Notice via postal mail, if proof of mailing is maintained, or may deliver the Premium Change Notice in email or electronic format, if the policyholder has consented to receive notifications electronically. All electronic Premium Change Notices and deliveries must comply with chapter 48.185 RCW.
 - (h) Insurers may include composite rating variables in the Premium Change Notice to inform policyholders of premium increases. However, if insurers include composite rating variables in the Premium Change Notice, then insurers shall explain the premium increase attributed to the composite rating variables.
 - (i) Insurers may include the use of estimated dollars in the Premium Change Notice, if a reasonable explanation and sufficient information are provided by the insurer to the policyholder on the degree of accuracy estimated dollars achieve, as specifically applied to that policy and premium increase.
 - (j) Insurers may show separate impacts by the different perils or risks being covered and the type of coverage for each.
 - (k) Insurers may add or remove formatting and contents in the Premium Change Notice as necessary to improve transparency with the policyholder.
 - (l) Insurers' records related to Premium Change Notices are subject to RCW 48.05.280. Insurers' records must be retrievable and made accessible to the Commissioner during the retention period.
 - (m) This chapter does not prohibit insurers from sending Premium Change Notices for all premium increases, beyond those required in this section.
 - (n) Insurers shall provide policyholders with access to a language translation service specific to the Premium Change Notice. This may include either written or telephonic translation services.
- (6) Insurer Communication Standards:
- (a) For insurance policies renewed on or after June 1, 2024, insurers shall provide Premium Change Notices with a reasonable explanation and sufficient information for the premium increase.
 - (b) For insurance policies renewed on or after June 1, 2027, insurers shall provide Premium Change Notices with a reasonable explanation, sufficient information, and the primary factors applicable to the premium increase.

- (i) Reasonable explanation means that the information included in the Premium Change Notice is presented in terms that are understandable to an average policyholder.
- (ii) Sufficient information means providing enough information to enable the policyholder to understand the basic nature of any premium increases or to calculate any premiums resulting from a change in rates.
- (iii) Primary factors include the specific rate and rating factors that caused the premium increase. The primary factors include the following:
 - (A) Auto-related factors (car garaging location, driving record, how much you drive, and number of drivers and 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), and rate changes (including those subject to rate stability rules, transition rules, or premium-capping rules, as referenced in WAC 284-24-130).
- (c) 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.

WAC 284-30A-050 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

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 amount).**
- **Your premium is impacted by (insurers insert 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.**
- **Below is an explanation for your premium increase (insurers shall communicate the reasons for the premium increases along with a corresponding explanation; insurers shall articulate and quantify policyholder premium increases through either dollars, percentages, or paragraph form):**

Prior Policy Term

Renewal Policy Term

Premium Total Amount

Premium Total Amount

Reason(s)	Percentage Change to Premium	Dollar Change to Premium	Insurer Explanation(s)
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*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 timeframe, 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 ().

WAC 284-30A-060 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 Notice requirements to third parties.

WAC 284-30A-070 Severability Clause.

- (1) 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.