

stock or members (if a mutual insurer) at a valid meeting and said directors may be removed without cause by a vote of sixty-seven percent of its voting capital stock or members (if a mutual insurer) at a valid meeting.

Passed the Senate February 10, 1989.

Passed the House April 4, 1989.

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CHAPTER 25

[Senate Bill No. 5152]

INSURANCE—FORM AND RATE FILINGS

AN ACT Relating to insurance form and rate filings; amending RCW 48.18.100, 48.18.140, 48.19.030, 48.19.040, 48.19.060, 48.19.100, 48.19.120, and 48.19.280; repealing RCW 48.19.440; and providing an effective date.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. Section .18.10, chapter 79, Laws of 1947 as amended by section 16, chapter 181, Laws of 1982 and RCW 48.18.100 are each amended to read as follows:

(1) No insurance policy form other than surety bond forms, or application form where written application is required and is to be attached to the policy, or printed life or disability rider or endorsement form shall be issued, delivered, or used unless it has been filed with and approved by the commissioner. This section shall not apply to policies, riders or endorsements of unique character designed for and used with relation to insurance upon a particular subject.

(2) Every such filing containing a certification, in a form approved by the commissioner, by either the chief executive officer of the insurer or by an actuary who is a member of the American Academy of Actuaries, attesting that the filing complies with Title 48 RCW and Title 284 of the Washington Administrative Code, may be used by such insurer immediately after filing with the commissioner. The commissioner may order an insurer to cease using a certified form upon the grounds set forth in RCW 48.18.110. This subsection shall not apply to certain types of policy forms designated by the commissioner by rule.

(3) Every filing that does not contain a certification pursuant to subsection (2) of this section shall be made not less than ~~((fifteen))~~ thirty days in advance of any such issuance, delivery, or use. At the expiration of such ~~((fifteen))~~ thirty days the form so filed shall be deemed approved unless prior thereto it has been affirmatively approved or disapproved by order of the commissioner. The commissioner may extend by not more than an additional fifteen days the period within which he may so affirmatively approve or disapprove any such form, by giving notice of such extension before expiration of the initial ~~((fifteen-day))~~ thirty-day period. At the expiration

of any such period as so extended, and in the absence of such prior affirmative approval or disapproval, any such form shall be deemed approved. The commissioner may withdraw any such approval at any time for cause. By approval of any such form for immediate use, the commissioner may waive any unexpired portion of such initial ~~((fifteen-day))~~ thirty-day waiting period.

(4) The commissioner's order disapproving any such form or withdrawing a previous approval shall state the grounds therefor.

(5) No such form shall knowingly be so issued or delivered as to which the commissioner's approval does not then exist.

(6) The commissioner may, by order, exempt from the requirements of this section for so long as he deems proper, any insurance document or form or type thereof as specified in such order, to which in his opinion this section may not practicably be applied, or the filing and approval of which are, in his opinion, not desirable or necessary for the protection of the public.

(7) Every member or subscriber to a rating organization shall adhere to the form filings made on its behalf by the organization. Deviations from such organization are permitted only when filed with the commissioner in accordance with this chapter.

Sec. 2. Section .18.14, chapter 79, Laws of 1947 as amended by section 11, chapter 193, Laws of 1957 and RCW 48.18.140 are each amended to read as follows:

(1) The written instrument, in which a contract of insurance is set forth, is the policy.

(2) A policy shall specify:

(a) The names of the parties to the contract. The insurer's name shall be clearly shown in the policy.

(b) The subject of the insurance.

(c) The risk insured against.

(d) The time at which the insurance thereunder takes effect and the period during which the insurance is to continue.

(e) A statement of the premium, and if other than life, disability, or title insurance, the premium rate where applicable.

(f) The conditions pertaining to the insurance.

(3) If under the contract the exact amount of premiums is determinable only at termination of the contract, a statement of the basis and rates upon which the final premium is to be determined and paid shall be ~~((furnished any policy examining bureau having jurisdiction or to the insured upon request))~~ specified in the policy.

(4) This section shall not apply to surety insurance contracts.

Sec. 3. Section .19.03, chapter 79, Laws of 1947 and RCW 48.19.030 are each amended to read as follows:

Rates shall be used, subject to the other provisions of this chapter, only if made in accordance with the following provisions:

(1) In the case of insurances under standard fire policies and that part of marine and transportation insurances not exempted under RCW 48.19.010, manual, minimum, class or classification rates, rating schedules or rating plans, shall be made and adopted; except as to specific rates on inland marine risks individually rated, which risks are not reasonably susceptible to manual or schedule rating, and which risks by general custom of the business are not written according to manual rates or rating plans.

(2) In the case of casualty and surety insurances:

(a) The systems of expense provisions included in the rates for use by any insurer or group of insurers may differ from those of other insurers or groups of insurers to reflect the requirements of the operating methods of any such insurer or group with respect to any kind of insurance, or with respect to any subdivision or combination thereof for which subdivision or combination separate expense provisions are applicable.

(b) Risks may be grouped by classifications for the establishment of rates and minimum premiums. Classification rates may be modified to produce rates for individual risks in accordance with rating plans which establish standards for measuring variations in hazards or expense provisions, or both. Such standards may measure any differences among risks that can be demonstrated to have a probable effect upon losses or expenses.

(3) Due consideration in making rates for all insurances shall be given to:

(a) Past and prospective loss experience within ((and outside)) this state((; and in the case of rates for fire insurance, to the loss experience of insurers as to insurance against fire during a period of not less than the most recent five-year period for which such experience is available)) for experience periods acceptable to the commissioner. If the information is not available or is not statistically credible, an insurer may use loss experience in those states which are likely to produce loss experience similar to that in this state.

(b) Conflagration and catastrophe hazards, where present.

(c) A reasonable margin for underwriting profit and contingencies.

(d) Dividends, savings and unabsorbed premium deposits allowed or returned by insurers to their policyholders, members, or subscribers.

(e) Past and prospective operating expenses.

(f) Past and prospective investment income.

(g) All other relevant factors within and outside this state.

(4) In addition to other factors required by this section, rates filed by an insurer on its own behalf may also be related to the insurer's plan of operation and plan of risk classification.

(5) Except to the extent necessary to comply with RCW 48.19.020 uniformity among insurers in any matter within the scope of this section is neither required nor prohibited.

Sec. 4. Section .19.04, chapter 79, Laws of 1947 as amended by section 14, chapter 32, Laws of 1983 1st ex. sess. and RCW 48.19.040 are each amended to read as follows:

(1) Every insurer or rating organization shall, before using, file with the commissioner every classifications manual (~~((of classifications))~~), manual of rules and rates, (~~((and every))~~) rating plan (~~((as to surety insurances, and every))~~), rating schedule, minimum rate, class rate, and rating rule (~~((as to other insurances))~~), and every modification of any of the foregoing which it proposes. The insurer need not so file any rate on individually rated risks as described in subdivision (1) of RCW 48.19.030; except that any such specific rate made by a rating organization shall be filed.

(2) Every such filing shall (~~((state its proposed effective date and shall))~~) indicate the (~~((character))~~) type and extent of the coverage contemplated and must be accompanied by sufficient information to permit the commissioner to determine whether it meets the requirements of this chapter. (~~((When a filing is not accompanied by the information upon which the insurer supports such filing, and the commissioner does not have sufficient information to determine whether the filing meets the requirements of this chapter, he may require the insurer to furnish the information upon which it supports the filing.))~~) An insurer (~~((may))~~) or rating organization shall offer in support of any filing:

(a) The experience or judgment of the insurer or rating organization making the filing(;;);

(b) (~~((the experience of other insurers or rating organizations, or))~~) An exhibit detailing the major elements of operating expense for the types of insurance affected by the filing;

(c) (~~((any other factors which the insurer or rating organization deems relevant. A filing and any supporting information shall be open to public inspection only after the filing becomes effective.))~~) An explanation of how investment income has been taken into account in the proposed rates; and

(d) Any other information which the insurer or rating organization deems relevant.

(3) If an insurer has insufficient loss experience to support its proposed rates, it may submit loss experience for similar exposures of other insurers or of a rating organization.

(4) Every such filing shall state its proposed effective date.

(5) General liability, professional liability, and commercial automobile insurance rate filings must be submitted or updated at least once in each fifteen-month interval so that the commissioner has timely supporting information necessary to determine that the current schedules, manuals, rules, rates, and rating plans meet the requirements of RCW 48.19.020.

(6) A filing made pursuant to this chapter shall be exempt from the provisions of RCW 48.02.120(3). However, the filing and all supporting information accompanying it shall be open to public inspection only after the filing becomes effective.

(7) Where a filing is required no insurer shall make or issue an insurance contract or policy except in accordance with its filing then in effect, except as is provided by RCW 48.19.090.

Sec. 5. Section .19.06, chapter 79, Laws of 1947 and RCW 48.19.060 are each amended to read as follows:

(1) The commissioner shall review a filing as soon as reasonably possible after made, to determine whether it meets the requirements of this chapter.

(2) Except as provided in RCW 48.19.070:

(a) No such filing shall become effective within ~~((fifteen))~~ thirty days after the date of filing with the commissioner, which period may be extended by the commissioner for an additional period not to exceed fifteen days if he gives notice within such waiting period to the insurer or rating organization which made the filing that he needs such additional time for the consideration of the filing. The commissioner may, upon application and for cause shown, waive such waiting period or ~~((any))~~ part thereof as to a filing ~~((which))~~ that he has not disapproved.

(b) A filing shall be deemed to meet the requirements of this chapter unless disapproved by the commissioner within the waiting period or any extension thereof.

~~((3) This section does not apply to casualty insurance.))~~

Sec. 6. Section .19.10, chapter 79, Laws of 1947 and RCW 48.19.100 are each amended to read as follows:

If within the waiting period or any extension thereof as provided in RCW 48.19.060, the commissioner finds that a filing does not meet the requirements of this chapter, he shall disapprove such filing, and shall give notice of such disapproval, specifying the respect in which he finds the filing fails to meet such requirements, and stating that the filing shall not become effective, to the insurer or rating organization which made the filing. ~~((This section does not apply to casualty insurance.))~~

Sec. 7. Section .19.12, chapter 79, Laws of 1947 as amended by section 15, chapter 32, Laws of 1983 1st ex. sess. and RCW 48.19.120 are each amended to read as follows:

(1) If at any time subsequent to the applicable review period provided in RCW 48.19.060~~(;)~~ or 48.19.110, ~~((or 48.19.440;))~~ the commissioner finds that a filing does not meet the requirements of this chapter, he shall, after a hearing, notice of which was given to every insurer and rating organization which made such filing, issue his order specifying in what respect he finds that such filing fails to meet the requirements of this chapter, and

stating when, within a reasonable period thereafter, the filings shall be deemed no longer effective.

(2) Such order shall not affect any contract or policy made or issued prior to the expiration of the period set forth in the order.

(3) Any person aggrieved with respect to any filing then in effect, other than the insurer or rating organization which made the filing, may make written application to the commissioner for a hearing thereon. The application shall specify the grounds to be relied upon by the applicant. If the commissioner finds that the application is made in good faith, that the applicant would be so aggrieved if his grounds are established, and that such grounds otherwise justify holding the hearing, he shall, within thirty days after receipt of the application, hold a hearing as required in subsection (1) of this section.

Sec. 8. Section .19.28, chapter 79, Laws of 1947 as amended by section 14, chapter 193, Laws of 1957 and RCW 48.19.280 are each amended to read as follows:

(1) Every member or subscriber to a rating organization shall adhere to the filings made on its behalf by such organization~~((and shall not deviate therefrom except as provided in this section))~~. Deviations from the organization's filings are permitted only when filed with the commissioner in accordance with this chapter.

~~(2) ((Any such subscriber may make written application to the commissioner for permission to file a deviation, and shall at the same time send a copy of the application to the rating organization. The application shall specify the deviation desired, and the basis thereof. In the case of deviations as specified in subsection (4) of this section, the application shall be accompanied by the data upon which the applicant relies. The commissioner shall forthwith set a date for a hearing on the application and give notice thereof to the applicant and to the rating organization. If the rating organization informs the commissioner that it does not desire a hearing he may, upon consent of the applicant, waive the hearing.~~

~~(3) As to fire insurance under standard form fire policies, and the following insurances when issued as part of a standard form fire policy, any such deviation shall be only by a uniform percentage of addition to or decrease from all rates resulting from all filings relative to such insurance made by the rating organization on behalf of such applicant and then in effect:~~

~~(a) Additional property insurance coverages, or~~

~~(b) Coverages including any kind of insurance in addition to fire for a single undivided premium:~~

~~In considering the application for permission to file such deviation the commissioner shall give consideration to the available statistics and the applicable principles for rate making as provided in RCW 48.19.030:~~

~~(4) As to insurance other than that designated in subsection (3) of this section, any such deviation shall be only by a uniform percentage decrease or increase to be applied to the premiums produced by the rating system so filed for a kind of insurance, or for a class of insurance which is found by the commissioner to be a proper rating unit for the application of such uniform percentage decrease or increase, or for a subdivision of a kind of insurance (a) comprised of a group of manual classifications which is treated as a separate unit for rate making purposes, or (b) for which separate expense provisions are included in the filings of the rating organization:~~

~~(5) If upon such hearing the commissioner finds the proposed deviation to be justified, and that premiums and rates resulting therefrom would not be inadequate, excessive, or unfairly discriminatory, he shall issue his order permitting the deviation to be filed and such deviation shall thereupon become effective. If he finds otherwise, he shall issue his order denying the application:~~

~~(6) Each deviation permitted to be filed shall be effective for a period of not less than one year from the date of such permission unless terminated sooner with the approval of the commissioner.) Every such deviation shall terminate upon a material change of the basic rate from which the deviation is made. The commissioner shall determine whether a change of the basic rate is so material as to require such termination of deviations.~~

~~((7) This section does not apply to casualty insurance.)~~

NEW SECTION. Sec. 9. Section .34.02, chapter 79, Laws of 1947 and RCW 48.19.440 are each repealed.

NEW SECTION. Sec. 10. This act shall take effect on September 1, 1989.

Passed the Senate March 8, 1989.

Passed the House April 4, 1989.

Approved by the Governor April 18, 1989.

Filed in Office of Secretary of State April 18, 1989.

CHAPTER 26

[Substitute Senate Bill No. 5014]
POLICE DOGS

AN ACT Relating to police dogs; and amending RCW 4.24.410, 9A.76.200, and 16.08.080.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. Section 1, chapter 22, Laws of 1982 and RCW 4.24.410 are each amended to read as follows:

(1) As used in this section: