

**HB 2698** - S COMM AMD

By Committee on Financial Institutions, Housing & Insurance

1 Strike everything after the enacting clause and insert the  
2 following:

3 "Sec. 1. RCW 48.102.100 and 2009 c 104 s 13 are each amended to  
4 read as follows:

5 (1) With respect to each policy issued by an insurance company, the  
6 insurance company shall notify the owner of an individual life  
7 insurance policy when the insured person under such a policy is age  
8 sixty or older, or is known to be terminally ill or chronically ill,  
9 that there may be alternative transactions available to that owner at  
10 the time of each of the following:

11 (a) When a life insurance company receives from such an owner a  
12 request to surrender, in whole or in part, an individual policy;

13 (b) When a life insurance company receives from such an owner a  
14 request to receive an accelerated death benefit under an individual  
15 policy;

16 (c) When a life insurance company sends to such an owner all  
17 notices of lapse of an individual policy; or

18 (d) At any other time that the commissioner may require by rule.

19 (2)(a) The commissioner shall approve a document calculated to  
20 appraise the consumer of his or her rights as an owner of a life  
21 insurance policy. The document shall be made available at no cost to  
22 all insurance companies and life insurance producers and written in lay  
23 terms.

24 (b) The document shall advise the consumer:

25 (i) That life insurance is a critical part of a broader financial  
26 plan, and that the consumer is encouraged, and has a right, to seek  
27 additional financial advice and opinions;

28 (ii) That possible alternatives to lapse exist; and

29 (iii) Of the definitions of common industry terms.

1 (c) In addition to the information described in (a) and (b) of this  
2 subsection, the document must contain the following statement in large,  
3 bold, or otherwise conspicuous typeface calculated to draw the eye:  
4 "Life insurance is a critical part of a broader financial plan. There  
5 are many options available, and you have the right to shop around and  
6 seek advice from different financial advisers in order to find the  
7 option best suited to your needs."

8 (d) The document may include brief descriptions of common products  
9 available from providers. These products must be discussed in general  
10 terms for informative purposes only, and not identifiable to any  
11 specific provider.

12 (e) The document will be considered part of the notice required in  
13 subsection (1) of this section.

14 (3) The requirements of this section do not apply to term life  
15 insurance policies, except when in the process of converting into a  
16 policy other than a term life policy.

17 (4) For the purposes of this section, "term life insurance" means  
18 life insurance that provides a death benefit only if the insured dies  
19 during the period specified in the policy and that ceases without value  
20 if the insured survives until the end of such period."

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21 On page 1, line 2 of the title, after "transactions;" strike the  
22 remainder of the title and insert "and amending RCW 48.102.100."

EFFECT: Defines term life insurance to remove ambiguity regarding  
the type of product to which the act applies.

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