

January 27th, 2026

**Support SB 5331—Strengthening Consumer Protection
Through Increased Insurer Accountability for Violations of the
Insurance Code**

Chair Amy Walen
House Consumer Protection and Business Committee
Washington House of Representatives
Amy.walen@leg.wa.gov

Cc: Vice Chair David Hackney, Committee members

Dear Chair Walen, Vice Chair Hackney, and members of the Committee:

The Consumer Federation of America (CFA)¹ urges your support for SB 5331—Strengthening Consumer Protection Through Increased Insurer Accountability for Violations of the Insurance Code. The bill gives the Insurance Commissioner the power to order restitution from insurance companies to policyholders who have been unfairly treated or overcharged.

The Washington State Office of the Insurance Commissioner (OIC) is, among other responsibilities, charged with enforcing insurance laws and protecting consumers from unfair treatment. OIC's specific duties include investigating consumer complaints about insurance companies, issuing cease and desist orders, bringing enforcement actions to stop wrongdoing, and imposing fines and other penalties. However, there is a significant error in current law that prevents consumers from getting fair

¹ Founded in 1968, the Consumer Federation of America is an association of over 200 consumer organizations that works to advance consumer interests through research, advocacy, and education. Our letter in support of SB 5331 is based on years of work conducting research on insurance markets, making insurance more affordable and accessible, fighting for fair claims practices, and combatting unfair discrimination. Our Director of Insurance Douglas Heller is a member of the Federal Advisory Committee on Insurance and a Board member who helps oversee California's low-cost auto insurance program. Our Research and Advocacy Associate Michael DeLong is a funded Consumer Representative and a member of the Nevada Advisory Committee on Property and Casualty Insurance.

repayments when the OIC determines an insurer's practice overcharged them or denied them money or services they were due.

Under the current system, if insurance companies break Washington state law in ways that financially harm policyholders, OIC can bring an action against the company. This action can lead to penalties, including fines and prohibiting the insurer from doing business in the state. But while OIC regularly exercises its enforcement authority, it does not have the authority to order restitution to the impacted policyholders. For example, the \$2.9 million in fines stemming from OIC actions in 2025 was paid to the state's general fund, but the actions resulted in no return of money to the consumers victimized by the insurers' improprieties and illegalities.

If insurance companies charge an illegal rate, there is no mechanism to order refunds to policyholders who have overpaid their premiums. If insurance companies defraud policyholders, the Insurance Commissioner can fine the companies but cannot make them repay the money they stole. And finally, if an insurance agent collects premiums but instead steals the money for their own use and leaves the policyholder without coverage, the Commissioner cannot require them to repay the money they stole. SB 5331 would fix this loophole and ensure that consumers who have been cheated get their money back.

The bill gives the Commissioner the power to order restitution payments to consumers who have been financially harmed by insurance companies or agents. After the OIC issues the order, the money must be paid to the policyholders within thirty days, and the restitution will also be paid with 8% simple interest from the date the obligation arose.

Additionally, SB 5331 clarifies that the maximum fine the OIC can impose on property and casualty insurers is \$10,000 per violation, to ensure that the scale of the fine reflects the scale of the insurer's misbehavior. Currently the OIC can only impose a \$10,000 fine on the insurer, regardless of how many violations it has committed.

Accountability for insurers is critically important for a fair and functioning insurance marketplace. If consumers want insurers to abide by laws and consumer protections passed by the Legislature, the insurers need to face meaningful consequences for abuses. And consumers, if they are harmed



or defrauded of their money, should receive prompt restitution. If the law doesn't ensure that insurers must return illicit gains, it diminishes the incentive for insurers to treat their policyholders fairly and leaves consumers without the protection they need. And a fine paid to the state government is appropriate, but no substitution for the return of money directly to consumers.

The Consumer Federation of America thanks Commissioner Kuderer and the OIC for their work on this problem. We urge the House Consumer Protection and Business Committee to support SB 5331 and ensure that consumers get the full and fair restitution they are owed, and that insurers are held accountable for wrongdoing.

Please contact us at mdelong@consumerfed.org with any questions.

Sincerely,

Douglas Heller
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