
**Insurance, Financial Services &
Consumer Protection Committee**

SSB 5052

Brief Description: Prohibiting interested third parties from processing insurance claims.

Sponsors: Senate Committee on Financial Institutions & Insurance (originally sponsored by Senators Eide, Roach, Franklin, Hobbs, Fairley, Kastama, Prentice, Jacobsen, Shin and Parlette).

Brief Summary of Substitute Bill

- States that a person has a right to choose any glass repair facility for the repair of a loss relating to motor vehicle glass.
- Establishes notice requirements for an insurer or third-party administrator processing glass claims.

Hearing Date: 3/20/07

Staff: Sarah Beznoska (786-7109).

Background:

The insurance industry is regulated by the Insurance Commissioner (Commissioner), pursuant to the statutory provisions set forth in Title 48 RCW.

A third-party administrator (TPA) is an entity that manages an insurance program for an organization, and functions as an intermediary between an insurer and an insured. A TPA is sometimes used by insurers with respect to insurance programs. A TPA typically processes claims and may also collect premiums, solicit enrollees, and underwrite.

Under current insurance rules, an insurer generally must make a good faith effort to honor a request for repairs to be made in a specific repair shop and cannot arbitrarily deny a request. There are currently no state statutes related to the use of certain TPAs by insurers.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Summary of Bill:

A person has the right to choose any glass repair facility for the repair of a loss relating to motor vehicle glass.

An insurer or its TPA that owns, in whole or in part, an automobile glass repair facility is required, when processing a glass-only claim, to verbally inform the person making the claim of the right to choose any glass repair facility and of the TPA's relationship to the insurer.

In addition, if an insurer or an insurer's TPA owns an interest in an automobile glass repair or replacement facility, a notice must be posted in each of the automobile glass repair or replacement facilities. The notice must state that the facility is owned in whole or in part by the insurer or the insurer's TPA and that the consumer has a right to seek repairs at any automobile glass repair or replacement facility.

The notice must be prominently posted, in not less than 18-point font, in a location where it is likely to be seen and read by a customer. If the automobile glass repair or replacement facility is mobile, the insurer or its TPA must verbally provide the notice prior to commencement of the repair or replacement.

When a person makes a claim and the person's motor vehicle is repaired at an automobile glass repair or replacement facility that is subject to the notice requirements, the person may file a complaint with the Office of the Insurance Commissioner. A private right of action does not exist.

Appropriation: None.

Fiscal Note: Requested on March 16, 2007.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.