

HOUSE BILL REPORT

SSB 6746

As Reported By House Committee On:
Financial Institutions & Insurance

Title: An act relating to purchasing of insurance services.

Brief Description: Regulating purchasing of insurance services.

Sponsors: Senate Committee on Financial Institutions, Insurance & Housing (originally sponsored by Senator Winsley).

Brief History:

Committee Activity:

Financial Institutions & Insurance: 2/23/98, 2/26/98 [DPA].

HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

Majority Report: Do pass as amended. Signed by 11 members: Representatives L. Thomas, Chairman; Smith, Vice Chairman; Zellinsky, Vice Chairman; Wolfe, Ranking Minority Member; Grant, Assistant Ranking Minority Member; Benson; Constantine; DeBolt; Keiser; Sullivan and Wensman.

Staff: Jim Morishima (786-7191).

Background: Automobile clubs offer services including emergency road service, towing service, theft or reward service, and travel and touring service. In some instances, automobile clubs are affiliated with automobile manufacturers, insurance companies, or other companies. Other automobile clubs are independently owned and operated.

Automobile clubs are governed by general statutes and regulations regarding the establishment, operation, and taxation of business and industry. However, there are no statutes or regulations dealing specifically with automobile clubs. Furthermore, automobile clubs do not follow statutes and regulations applying to insurance providers.

Summary of Amended Bill: Any person or business promising, in exchange for payment, to furnish members or subscribers with assistance in matters relating to trip cancellation, bail bond service, or any accident, sickness, or death insurance benefit program must either be authorized to sell insurance in this state by the insurance commissioner or purchase the service or insurance from a company that the insurance commissioner has authorized to sell insurance in this state.

Other travel or automobile related products such as community traffic safety service, travel and touring service, theft or reward service, map service, roadside assistance, lost key or lockout service, reimbursement of emergency expenses due to a vehicle disabling accident, or legal fee reimbursement in the defense of traffic offenses are not covered by the state insurance laws.

Violators of these provisions are subject to the enforcement, hearing, and appeal provisions in the state insurance laws.

Amended Bill Compared to Substitute Bill: The substitute bill as amended clarifies that a holder of a certificate of authority does not have to purchase insurance from another certificated company to cover trip cancellation, bail bond service, or any accident, sickness, or death insurance benefit program. The substitute bill as amended also replaces the term, "trip interruption service" with "trip cancellation." Finally, the substitute bill as amended clarifies that matters relating to reimbursement of emergency expenses due to a vehicle disabling accident are not covered by the insurance code.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date of Amended Bill: Ninety days after adjournment of session in which bill is passed.

Testimony For: This bill ensures that true insurance products sold by auto clubs will be covered by the insurance code. This bill also ensures that non-insurance related products sold by auto clubs will not be covered by the insurance code.

Testimony Against: None.

Testified: Jim Tompkins, Office of Insurance Commissioner. (Pro): Clark Sitzes, Allstate; and Mel Sorensen, National Association of Independent Insurers. (Pro amendment): Dean O'Hair, Chevron; and Basil Badley, Wynn International; and Peter Maier, Maier & Severance.