

SENATE BILL REPORT

SB 5779

As of February 26, 2001

Title: An act relating to service providers who pass on costs to casualty or property insurers.

Brief Description: Restricting service providers who pass on costs to casualty or property insurers.

Sponsors: Senators Patterson and Benton.

Brief History:

Committee Activity: Labor, Commerce & Financial Institutions: 2/27/01.

SENATE COMMITTEE ON LABOR, COMMERCE & FINANCIAL INSTITUTIONS

Staff: Catherine Mele (786-7470)

Background: It is currently unlawful for an insurance service provider to pay any person in return for the referral of business stemming from an insurance claim. It is also unlawful for a service provider to engage in a regular practice of waiving, paying or rebating all or part of a claimant's deductible under a property or casualty insurance policy.

Summary of Bill: The current statutory language prohibiting a service provider from waiving, paying, or rebating deductibles is made subject to certain qualifications. Such practices are prohibited when 1) the costs are passed on to an insurer and 2) the claimant notifies the service provider of his or her intention of making a claim for the property repair upon his or her insurance policy.

It is unlawful for a service provider to commence a repair without giving notice, both oral and written, of the estimated cost of the repair and the out-of-pocket cost (i.e., the deductible) paid by the consumer. The cost paid by the consumer cannot exceed the amount of the deductible under the insurance policy.

A service provider may not ask a consumer to pay a deductible greater than the deductible amount initially requested by the provider at the time of the original estimate, even if such amount is less than the full amount of the deductible specified by the policy. However, a service provider is not bound by this provision, if: 1) the insurer denies coverage of the repair cost, in which case the consumer may be liable for the entire repair cost; or 2) the consumer misstates the amount of his or her deductible, in which case the consumer may be charged a deductible up to the amount specified in the policy; or 3) the consumer is directly reimbursed by the insurer for the costs of repairs, in which case the provider may seek payment from the consumer for the full amount of the insurance reimbursement.

Appropriation: None.

Fiscal Note: Not requested.

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