

# FINAL BILL REPORT

## SSB 6481

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Synopsis as Enacted

**Brief Description:** Regulating insurance for rental vehicles.

**Sponsors:** Senate Committee on Labor, Commerce & Financial Institutions (originally sponsored by Senators Prentice and Winsley).

**Senate Committee on Labor, Commerce & Financial Institutions**  
**House Committee on Financial Institutions & Insurance**

**Background:** The Office of the Insurance Commissioner regulates the licensing of agents, brokers, solicitors, and adjusters within the insurance industry. Such insurance professionals must be licensed in accordance with specific statutory criteria, and may not engage in insurance marketing activities without the requisite license.

Some rental car companies in Washington currently offer short-term insurance to their customers. Rental car companies usually have group policies with out-of-state insurers, and are currently not regulated by the Insurance Commissioner.

**Summary:** The Insurance Commissioner is authorized to issue a limited license to rental car companies. A limited license allows rental car companies to sell personal accident, liability, personal effects, roadside assistance, and emergency sickness insurance.

Licensure Requirements. The limited license permits a rental car company to sell insurance provided: the vehicle rental is for 30 days or less; written materials offered to customers meet specified requirements and have been approved by the Insurance Commissioner; the cost of the insurance is itemized in the bill; and customers indicate in writing that they have received the required written materials.

An insurance company providing insurance to a rental car company must certify that: the rental car company is trustworthy and competent; the insurer has reviewed the endorsee training and education program and believes that it satisfies the statutory requirements; and the insurer guarantees that the rental car company will be appointed to act as its agent if licensed by the Insurance Commissioner.

Training Requirements. Rental car companies offering insurance under this license are required to train all employees before the employees offer insurance to the public. The syllabus for the training program must be approved by the Insurance Commissioner and the company must annually certify that the required training has been provided.

Prohibited Activities. Rental car companies are prohibited from: offering a commission on the sale of the insurance; offering any insurance that is not related to the rental vehicle; providing advice to customers regarding the adequacy of their existing insurance; and issuing

any statement that would lead a customer to believe that the insurance being offered does not duplicate the customer's current policies.

Enforcement Provisions. Provisions concerning enforcement procedures are included. Under specified conditions, the commissioner may revoke, suspend, refuse to issue, or refuse to renew a license.

Miscellaneous Provisions. The Insurance Commissioner is authorized to set fees to defray the cost of administering the program.

The Insurance Commissioner is required to report back to the Legislature on the impact of this program on small businesses by January 1, 2004.

**Votes on Final Passage:**

Senate	43	0	
House	96	1	(House amended)
Senate	47	0	(Senate concurred)

**Effective:** June 13, 2002