
SENATE BILL 5052

State of Washington

60th Legislature

2007 Regular Session

By Senators Eide, Roach, Franklin, Hobbs, Fairley, Kastama, Prentice, Jacobsen, Shin and Parlette

Read first time 01/09/2007. Referred to Committee on Financial Institutions & Insurance.

1 AN ACT Relating to auto glass repair and third party
2 administrators; adding a new section to chapter 48.30 RCW; and
3 prescribing penalties.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 NEW SECTION. **Sec. 1.** A new section is added to chapter 48.30 RCW
6 to read as follows:

7 (1) For the purposes of this section, "third-party administrator"
8 means an independent association, agency, entity, or enterprise that,
9 through a contractual agreement, administers the claim payment process
10 on behalf of the insurer. A claim administrator process includes, but
11 is not limited to, receiving requests for claim payment, investigation
12 and verification of the claim, adjustment of the claim, and claim
13 payment disbursement.

14 (2) No insurer may administer auto glass claims by contract with a
15 third-party administrator if the third-party administrator directly or
16 indirectly engages in the auto glass business, which business includes
17 the repair, replacement, and retailing of auto glass but not the claim
18 administration process.

1 (3) A third-party administrator is considered to indirectly engage
2 in the auto glass business if the administrator either actually or
3 constructively through related parties owns at least ten percent of the
4 capital or profit interest in the business or at least ten percent of
5 the administrator's capital or profit interest is actually or
6 constructively through related parties owned by an association, agency,
7 entity, or enterprise engaged in such business. A third-party
8 administrator's right to share in the profits of a business includes a
9 loan to the business when the interest on the loan is based upon the
10 income of the business or the loan carries more than a commercially
11 reasonable rate of interest.

12 (4) Each claim processed by a third-party administrator in
13 violation of this section shall be considered a violation of this
14 chapter and subject to the penalty provisions of RCW 48.05.140 and
15 48.05.185.

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