

SENATE BILL REPORT

SB 5810

As Reported by Senate Committee On:
Business, Financial Services & Trade, January 25, 2022

Title: An act relating to insurance regulation.

Brief Description: Concerning insurance regulation. [**Revised for 1st Substitute:** Exempting certain prepaid services from insurance regulation.]

Sponsors: Senators Mullet and Dozier.

Brief History:

Committee Activity: Business, Financial Services & Trade: 1/18/22, 1/25/22 [DPS].

Brief Summary of First Substitute Bill

- Establishes that legal service contractors are not insurers and legal service plans are not insurance.

SENATE COMMITTEE ON BUSINESS, FINANCIAL SERVICES & TRADE

Majority Report: That Substitute Senate Bill No. 5810 be substituted therefor, and the substitute bill do pass.

Signed by Senators Mullet, Chair; Hasegawa, Vice Chair; Dozier, Ranking Member; Brown, Frockt, Lovick and Wilson, L.

Staff: Kellee Gunn (786-7429)

Background: Insurance Regulation in Washington State. Under state law, insurance is a contract one undertakes to indemnify another or pay a specified amount upon a certain event. The Office of the Insurance Commissioner regulates insurance in Washington State through producer licensing and oversight, company supervision, reviewing and approving insurance products, and verifying insurance policies conform to state laws and regulations. To sell insurance, an insurer must hold a valid certificate of authority in this state.

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

Prepaid Legal Services. Prepaid legal services are, generally, membership plans that provide members access to lawyers for consultations, legal review of documents, preparation of documents, access to legal forms, and legal representation in court.

Summary of Bill (First Substitute): Under the laws governing insurance in Washington, legal service contractors are not insurers and legal service plans are not insurance. Certain arrangements are explicitly excluded from being considered legal service contracts and legal service plans, including those issued by an insurer holding a valid certificate of authority in this state. Terms such as legal service contractor, legal service plan, and member are defined.

EFFECT OF CHANGES MADE BY BUSINESS, FINANCIAL SERVICES & TRADE COMMITTEE (First Substitute):

The title is amended.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

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

Staff Summary of Public Testimony on Original Bill: *The committee recommended a different version of the bill than what was heard.* PRO: As a small business owner, it's hard to budget for legal expenses. Paying monthly dues as a member to something like LegalShield is beneficial. A recent court decision made the same conclusion that this bill is codifying, that these plans are not insurance. We are a nationwide member provider and contractor for monthly paid plans for legal services. Regardless of a person's ability to pay, everyone should have access to legal services. This will codify a decision made in an administrative court that these plans are not insurance.

Persons Testifying: PRO: Senator Mark Mullet, Prime Sponsor; Steve Buckner, LegalShield; Keri Norris, LegalShield.

Persons Signed In To Testify But Not Testifying: No one.