

HOUSE BILL ANALYSIS

SSB 6746

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).

HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

Meeting Date: February 23, 1998

Bill Analysis Prepared by: 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 Bill: Any person or business promising, in exchange for payment, to furnish members or subscribers with assistance in matters relating to trip interruption service, bail bond service, or any accident, sickness, or death insurance benefit program must 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, 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.

Appropriation: None.

Fiscal Note: Not requested.

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

Rulemaking Authority: Not addressed.