

# FINAL BILL REPORT

## SSB 6746

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Synopsis as Enacted

**Brief Description:** Regulating purchasing of insurance services.

**Sponsors:** Senate Committee on Financial Institutions, Insurance & Housing (originally sponsored by Senator Winsley).

**Senate Committee on Financial Institutions, Insurance & Housing**  
**House Committee on Financial Institutions & Insurance**

**Background:** Within the state of Washington, a number of automobile clubs offer services including emergency road service, towing service, theft or reward service, and travel and touring service. In some instances, these clubs are affiliated with automobile manufacturers, insurance companies, retailers, or other companies. Others are independently owned and operated.

Aside from general statutes and regulations governing the establishment, operation, and taxation of business and industry in Washington State, automobile clubs have been operating without statutes and regulations specific to automobile clubs. Automobile clubs have also been operating in this state outside statutes and regulations which apply to insurance providers. Some automobile clubs belong to associations and organizations which maintain operational and financial standards and requirements.

In July of 1995, the Office of the Insurance Commissioner (OIC) obtained a solicitation letter which was being sent by an automobile club to residents of Washington. Upon review, the OIC advised the company that general laws relating to insurance apply to most aspects of the company's operation. Further, the OIC advised the company that its program was in violation of Washington insurance law and it should terminate marketing efforts immediately.

**Summary:** Any person or business enterprise promising, in exchange for payment, to furnish members or subscribers with assistance in matters relating to trip cancellation, bail bond service, or any accident, sickness, or death insurance benefit program must have a certificate of authority from the Insurance Commissioner authorizing the company to sell insurance in this state, or must purchase the service or insurance from a company that holds a certificate of authority. If coverage cannot be secured from a company holding a certificate of authority, purchase of surplus lines— insurance is authorized by statute.

Other travel or automobile related products such as community traffic safety, travel and touring service, theft or reward service, map service, roadside assistance, lockout service, reimbursement of emergency expenses related to an accident, or legal fee reimbursement service in the defense of traffic offenses are excluded from regulatory provisions applicable to insurance products under the Office of the Insurance Commissioner.

Existing enforcement, hearing, and appeal provisions of the Insurance Commissioner's Office are applicable.

**Votes on Final Passage:**

Senate	49	0	
House	98	0	(House amended)
Senate	46	0	(Senate concurred)

**Effective:** June 11, 1998