

FINAL BILL REPORT

SSB 5052

C 74 L 07

Synopsis as Enacted

Brief Description: Prohibiting interested third parties from processing insurance claims.

Sponsors: Senate Committee on Financial Institutions & Insurance (originally sponsored by Senators Eide, Roach, Franklin, Hobbs, Fairley, Kastama, Prentice, Jacobsen, Shin and Parlette).

Senate Committee on Financial Institutions & Insurance

House Committee on Insurance, Financial Services & Consumer Protection

Background: An insurance company may hire a third party to administer the payment of claims on the insurance company's behalf. This third party can be an independent association, private business entity, or the like. The administration of claims is subject to a contract between the insurance company and the third party. This contract may include investigation, verification and adjustment of claims, as well as payment of claims.

The relationship between the business activities of the third-party administrator and the nature of the claim being administered by the third-party administrator is not directly subject to any provision of existing law.

Summary: The relationship between the customer and the auto glass repair facility that is the third-party administrator for the insurance company is regulated by the Office of the Insurance Commissioner.

The customer's right to choose any auto glass facility is declared. Verbal disclosure from the third-party administrator to the customer that the customer has the right to choose and that the third-party administrator is a separate entity from and has a financial arrangement with the insurer is required.

In addition, it is required that: (1) a written notice of the verbal disclosures in each repair facility owned by an insurer or third-party administrator is posted, and prior, verbal transmission to the customer if the transaction is done by a mobile facility; (2) the right to file a complaint with the Office of the Insurance Commissioner is given to the customer; and (3) it is stated that no private right of action is created.

Votes on Final Passage:

Senate	48	0
House	95	0

Effective: July 22, 2007