

HOUSE BILL REPORT

SHB 2188

As Passed Legislature

Title: An act relating to air rescue or evacuation services.

Brief Description: Regulating air rescue or evacuation services.

Sponsors: House Committee on Business & Financial Services (originally sponsored by Representatives Ryu and Parker).

Brief History:

Committee Activity:

Business & Financial Services: 1/12/12, 1/13/12 [DPS].

Floor Activity:

Passed House: 1/23/12, 95-0.

Passed Senate: 2/29/12, 45-0.

Passed Legislature.

Brief Summary of Substitute Bill

- Exempts certain air rescue services providers from the Insurance Code.

HOUSE COMMITTEE ON BUSINESS & FINANCIAL SERVICES

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 12 members: Representatives Kirby, Chair; Kelley, Vice Chair; Bailey, Ranking Minority Member; Buys, Assistant Ranking Minority Member; Blake, Condotta, Hudgins, Parker, Pedersen, Rivers, Ryu and Stanford.

Staff: Jon Hedegard (786-7127).

Background:

The Insurance Code (Code) governs all insurance transactions that occur in this state or affect subjects located within this state. "Insurance" is defined as "a contract whereby one undertakes to indemnify another or pay a specified amount upon determinable contingencies."

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

Among other duties for insurers, the Code requires:

- minimum reserves to ensure solvency;
- licensing of producers;
- registration with the Office of the Insurance Commissioner (OIC); and
- the filing of forms and rates with the OIC.

There are a number of services, products, persons, and entities that are regulated under the Code in a less stringent manner than a traditional insurance product, agent or broker, or insurer. There are also several exemptions from the Code. One exemption is related to private air ambulance services.

Private air ambulance services that solicit and accept membership subscriptions, charge fees, and provide services are not insurers or health carriers and are exempt from the provisions of the Code if the service:

- meets licensure requirements;
- attains and maintains accreditation by the Commission on Accreditation of Medical Transport Services or another accreditation organization approved by the Department of Health;
- has operated in Washington for a minimum of two years; and
- submits evidence of compliance with these provisions to the OIC.

Summary of Substitute Bill:

Rescue services include:

- rescue, evacuation, and emergency transport and crisis management services related to the emergency;
- locator services for medical and legal professionals;
- visa and passport services;
- emergency message services;
- emergency-related travel and emergency-related services and information; and
- other services established by rule of the Insurance Commissioner.

A subscription service that solicits membership subscriptions, charges membership fees, and provides rescue services to its members who are traveling more than 100 miles away from home is not an insurer or a health carrier.

A subscription service that provides rescue services must satisfy any licensing requirements of the jurisdiction in which the services are provided.

It is not required that a subscription service own the means of transportation that will be used to provide the contracted services.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) This bill creates a new exemption from the Code. This appears to be an area that does not need stringent oversight. The companies offering these products may rescue people or provide other services that may be necessary when something has gone wrong while traveling. This service is appreciated by travelers, especially when traveling abroad. This product can save a person quite a bit of money. A number of prominent organizations buy this product for their employees. Some concerns have been raised and those concerns will be addressed. The stakeholders are meeting to discuss the issues. Companies may provide this coverage to individuals or to corporations through a group policy. The bill provides a regulatory safe harbor for some companies that offered this product who were unaware that the product might be considered insurance. The OIC ultimately concluded that these products are insurance. If this bill does not pass, these products will not be available in the state. These products cover activities in and out of the country. They may be used when individuals are unsafe due to natural disasters or civil unrest. The products only provide coverage to a person who is traveling. The OIC is satisfied with this bill. There are some concerns from the ambulance community. There should be a way to resolve those concerns in a manner that satisfies everyone.

(With concerns) As drafted, the bill is broader than just people traveling. This product would not work if offered in one small fixed area. There would not be enough subscribers. There would not be enough money in reserves for this product to work if offered on a local basis. Working with the proponents, the bill can be limited to travelers that are away from home and that would resolve all concerns.

(Opposed) None.

Persons Testifying: (In support) Representative Ryu, prime sponsor; and Mel Sorensen, Global Reserve LLC and Medical Air Services Association.

(With concerns) Kathy Swenson, Washington Ambulance Association.

Persons Signed In To Testify But Not Testifying: None.