
Business & Financial Services Committee

HB 1578

Brief Description: Authorizing insurers to offer customer satisfaction benefits.

Sponsors: Representatives Kirby and Vick.

Brief Summary of Bill

- Permits an insurer to include in an insurance contract provisions regarding benefits for an insured that are based upon customer satisfaction.

Hearing Date: 2/11/15

Staff: Linda Merelle (786-7092).

Background:

Pursuant to RCW 48.30.140, unless it is expressly provided for in an insurance policy, no insurer, insurance producer, or title insurance agent shall offer, promise, or pay to the insured or any employee of an insured, any of the following:

- a rebate, discount, abatement, or reduction of a premium or a commission on a premium;
or
- earnings, profits, dividends, or other benefit, or any other valuable consideration or inducement.

If it is not expressly provided for in the policy, any of these otherwise prohibited offerings must be provided for in an applicable filing with the Office of the Insurance Commissioner.

A "premium" under RCW 48.18.170 means all sums charged, received, or deposited as consideration for an insurance contract or the continuance of such contract.

Summary of Bill:

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.

An insurer may include contractual benefits based on customer satisfaction as part of an insurance policy. The insurer must file the policy or endorsement for approval, and the contractual benefits may include sums of money provided or credited to a policyholder if the policyholder is dissatisfied with the service provided by the insurer.

A sum that is provided to or credited to a policyholder as part of an approved contractual benefit based on customer satisfaction is not a premium for the purposes of RCW 48.18.170.

Appropriation: None.

Fiscal Note: Available.

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