

FINAL BILL REPORT

EHB 1578

C 121 L 16
Synopsis as Enacted

Brief Description: Authorizing insurers to offer customer satisfaction benefits.

Sponsors: Representatives Kirby and Vick.

House Committee on Business & Financial Services
Senate Committee on Financial Institutions & Insurance

Background:

Unless it is expressly provided for in an insurance policy, no insurer, insurance producer, or title insurance agent must 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 includes all sums charged, received, or deposited as consideration for an insurance contract or the continuance of such contract.

Summary:

An insurer may include contractual benefits based on customer satisfaction as part of a personal 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. A policy premium reduced by such a credit will be taxed on the full cost of the premium before application of the customer satisfaction credit.

Votes on Final Passage:

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.

House 97 0
Senate 47 0

Effective: June 9, 2016