

# HOUSE BILL REPORT

## HB 2367

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**As Reported by House Committee On:**  
Consumer Protection & Business

**Title:** An act relating to subscription service legal defense funds.

**Brief Description:** Concerning subscription service legal defense funds.

**Sponsors:** Representatives Hoff, Vick, Orcutt and Harris.

**Brief History:**

**Committee Activity:**

Consumer Protection & Business: 2/5/20, 2/7/20 [DP].

**Brief Summary of Bill**

- Excludes a membership subscription that provides legal assistance to members after a self-defense incident from the definition of insurer in the state's insurance law.
- Prohibits a subscription company's legal assistance plan benefit from paying civil damages and associated fines and penalties arising from a self-defense incident.
- Prohibits a subscription company member found not guilty by reason of self-defense from being reimbursed for legal costs except for lost time and other legal services.

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### HOUSE COMMITTEE ON CONSUMER PROTECTION & BUSINESS

**Majority Report:** Do pass. Signed by 8 members: Representatives Kirby, Chair; Vick, Ranking Minority Member; Hoff, Assistant Ranking Minority Member; Barkis, Blake, Dufault, Volz and Ybarra.

**Minority Report:** Do not pass. Signed by 4 members: Representatives Duerr, Ryu, Santos and Walen.

**Minority Report:** Without recommendation. Signed by 1 member: Representative Johnson, J.

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*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.*

**Staff:** Robbi Kesler (786-7153).

**Background:**

Insurance Regulation. The Office of the Insurance Commissioner regulates insurance carriers and insurance products in Washington, including the regulation of persons, property, and activities related to insurance. Under Washington law, insurance is a contract whereby one undertakes to indemnify another to pay a specified amount upon determinable contingencies. States regulate insurance to ensure that insurers fulfill the contracts they make with consumers. States also require insurers and insurance-related businesses to obtain a certificate of authority prior to selling products or services.

Reimbursement for a Person Found Not Guilty by Reason of Self-Defense. Washington law provides for reimbursement for all reasonable costs, including loss of time, legal fees incurred, and other defense expenses when the trier of fact finds the defendant's self-defense claim is sustained by a preponderance of evidence. The judge may reduce or deny the award if the trier of fact also determines the defendant was engaged in criminal conduct related to the events giving rise to the charges filed. The reimbursement requires a special verdict in the form provided in the statute.

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**Summary of Bill:**

A subscription company providing a self-defense incident legal assistance plan is excluded from the definition of an insurer. A subscription company's legal assistance plan may not pay civil damages or associated fines and penalties arising from a self-defense incident. A member of a self-defense legal assistance plan who is found not guilty by reason of self-defense is not eligible for reimbursement for legal costs, except for lost time and other legal services.

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**Appropriation:** None.

**Fiscal Note:** Available.

**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) A membership group that simply pools money should not be defined as insurance. There may have been other products on the market that were insurance, and the membership groups that operate in different ways were also implicated in an investigation by the Office of Insurance Commissioner. A self-defense fund is different than an insurance company because it does not have individual contracts. Membership groups ensure members have legal representation when needed; there are contingencies and methods of review for

each request, and the membership group does not provide legal representation in all instances when it is requested.

(Opposed) None.

**Persons Testifying:** Representative Hoff, prime sponsor; Marty Hayes and Joshua Amos, Armed Citizens Legal Defense Network; and Daniel Rybicki.

**Persons Signed In To Testify But Not Testifying:** None.