

# SENATE BILL REPORT

## SSB 6481

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As Passed Senate, February 18, 2002

**Title:** An act relating to regulating insurance for rental vehicles.

**Brief Description:** Regulating insurance for rental vehicles.

**Sponsors:** Senate Committee on Labor, Commerce & Financial Institutions (originally sponsored by Senators Prentice and Winsley).

**Brief History:**

**Committee Activity:** Labor, Commerce & Financial Institutions: 1/29/02, 2/5/02 [DPS].  
Passed Senate: 2/18/02, 43-0.

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### SENATE COMMITTEE ON LABOR, COMMERCE & FINANCIAL INSTITUTIONS

**Majority Report:** That Substitute Senate Bill No. 6481 be substituted therefor, and the substitute bill do pass.

Signed by Senators Prentice, Chair; Keiser, Vice Chair; Franklin, Hochstatter, Honeyford, Rasmussen and Winsley.

**Staff:** Kim Johnson (786-7486)

**Background:** Some rental car companies in Washington currently offer short-term insurance to drivers. These companies usually have group policies with out-of-state insurers, but are currently not regulated by the Office of the Insurance Commissioner.

**Summary of Bill:** The Insurance Commissioner may adopt rules necessary to implement this act. Upon receiving an application from the rental car company and a certificate from the insurer providing the insurance to the company, the Insurance Commissioner may issue a limited license to the company.

A limited license allows rental companies to sell personal accident, liability, personal effects, roadside assistance, and emergency sickness insurance. The limited license only permits the company to sell insurance if: the car rental is for 30 days or less; the written materials meet the requirements specified and have been approved by the Insurance Commissioner; and the cost of the insurance is itemized and the customer indicates in writing they have received the written materials.

Companies offering limited license rental car insurance must train all employees before the employees offer the insurance to the public. The syllabus for the training program must be approved by the commissioner and the company must annually certify that the required training has been provided.

A list of prohibited activities is provided including but not limited to: collection of a commission on the sale of the insurance; any offer of insurance that is not related to the

renting of vehicles; and any statement that would lead a customer to believe that the insurance being offered does not duplicate the customer's current policies.

There are provisions concerning enforcement procedures, which list cause for revocation or refusal to issue a license. Also included are notice and hearing requirements and time frames, as well as a clause that permits the commissioner to issue fines.

The commissioner may adopt rules to set fees to defray the cost of administering the program.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** Washington is one of only seven states that currently does not regulate car rental companies providing insurance to their customers. This a working agreement between the car rental industry and the Office of the Insurance Commissioner.

**Testimony Against:** This is a slippery slope. If the Legislature provides one exception for a limited license, it will only open the door for more to come.

**Testified:** Rick Jensen, Car & Truck Rental & Leasing Association (pro); Mel Sorensen, Professional Insurance Agents Association (neutral); Bill Stauffacher, Independent Insurance Agents & Brokers (con); Carrie Tellefson, Office of the Insurance Commissioner (pro).

**House Amendment(s):** The Insurance Commissioner is required to report to the Legislature by January 1, 2004, regarding the impact on small businesses in Washington.