

BEFORE THE WASHINGTON STATE
OFFICE OF THE INSURANCE COMMISSIONER

In Re:

GLOBAL RESCUE, LLC,

Respondent.

No. 10-0039 13 A 11:25
2013 APR 13 A 11:25

OIC REPLY TO RESPONDENT'S
HEARING MEMORANDUM
Chief Hearing Officer

Respondent seriously distorts the import of Exhibit 7 to OIC's Hearing Memorandum. As our agreed upon facts show, the travel insurance policies included in Exhibit 7 are not comparable in all respects with the services Global Rescue provides. Global Rescue does not offer baggage loss, trip delay, or other common travel insurance coverages. It is only the medical evacuation/repatriation coverage that is comparable, whether an issuer chooses to call its product "insurance" or not. The Commissioner, who has substantial expertise in the area of insurance, has stated in the information sheet at Exhibit 6 to the Hearing memorandum that Medical Evacuation insurance "Provides you with emergency transportation to take you to a hospital in the area you are traveling, or, if specified in the policy, for transportation back to a hospital near your home," just like Global Rescue. There is no mention of reimbursement, because the entire point of a medical evacuation is to physically arrange for and provide a service in an emergency. To "pay for transport back home" may theoretically mean funding the evacuation itself or reimbursing the patient after the fact. But logically, a person in the midst of a heart attack can hardly be expected to arrange a medical air ambulance in a foreign country and in a language he or she does not speak, regardless of cost, which is probably the least of his or her worries. Respondent's assertions in the first paragraph of its Hearing Memorandum under "FACTS" are disingenuous.

And Respondent apparently forgot to read the coverage detailed in the Nationwide brochure on page 10 of Exhibit 7. It clearly arranges for and funds the transportation through its associates itself, just like Global Rescue. Under Medical Evacuation/Repatriation, it states that it provides a benefit "for medical evacuation or medically necessary repatriation to the nearest hospital where appropriate care can be obtained. If after being treated you are in need of further treatment or recovery time, you will be transported to a hospital near your home. The bottom of the description says that the transportation will be "arranged by the authorized assistance company," at the direction of the insurer. It also transports dependents under age 19 "for the return trip home," just like Global Rescue. It will transport mortal remains, as well, just like Global Rescue. Under Travel Assistance Service on page 11, the Company will provide "Services," not reimbursement, for medical evacuation/repatriation, among others. Similarly, the Roundtrip brochure on page 17 clearly provides actual medical evacuation services through an authorized assistance company, not reimbursement. Global Rescue also uses leased, commercial and chartered equipment despite its attempt to appear entirely different than other medical evacuation/repatriation insurers (See OIC Exhibit 3).

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2 Respondent also mischaracterizes the AGO opinion at Exhibit 10 in OIC's memorandum. The
3 sole question was to distinguish product warranties from contracts of insurance. In both cases,
4 the issuer may pay the repair mechanic directly, replace or repair the defective product itself, or
5 may reimburse the owner for the cost of repair or replacement. The vast majority of service
6 contracts that the OIC regulates pay the mechanic directly. But that distinction was irrelevant to
7 the topic of the opinion, which was determining whether vehicle extended warranties were
8 insurance or non-insurance contracts. Having reviewed the case law, the AG on page 3 declared
9 that:

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12 Thus, if an automobile manufacturer, dealer, or anyone else, agrees
13 to indemnify an automobile owner against loss or damage resulting
14 from theft, fire, collision, or other risk not related to the quality or
15 fitness of the parts or workmanship involved in the vehicle itself, the
16 result will be an insurance contract. [Emphasis added]
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19 Soon thereafter, the OIC did introduce and get passed a motor vehicle service contract statute.
20 Because they are not insurance products, true manufacturers' product warranties remain exempt
21 from OIC regulation. To again answer Respondent's question on page 8 of its Hearing
22 memorandum, although the legislature believed that service contracts fall into the definition of
23 insurance, it was deemed by the legislature to be unnecessary to impose the capitalization and
24 reserve requirements on service contract providers that were required for insurance companies,
25 so long as appropriate solvency and performance protections were in place. To do so obviously
26 required a different regulatory framework and hence, new legislation. In fact, medical
27 evacuation providers have been long urged by the OIC to introduce legislation giving them an
28 appropriate regulatory framework within which to operate, but have declined to do so to date.
29 That is why, in the absence of a Certificate of Authority, Wallach & Company, Exhibit 7, page
30 one, and Travelex, Exhibit 7, page 3, specify that their product is not available in Washington.
31 Both provide, among other benefits, medical evacuation/repatriation coverage up to a certain
32 dollar limit, just like Global Rescue.
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35 The OIC stands by all of its case law support and so will not further refute Respondent's attempt
36 to misinterpret them to its advantage. OIC's case law support over and over again demonstrates
37 that "indemnification" need not only be in the form of a cash reimbursement payment, but can
38 also come in the form of services rendered up front, as in an HMO providing care directly for a
39 premium. It is still insurance under Washington law. Although Respondent repeatedly states
40 that Global Rescue "makes no payment whatsoever," it presumably makes payments to procure
41 the aircraft, pilots, supplies, fuel, staff, and health care providers it uses. Global Rescue, like
42 Nationwide or Roundtrip, pays these suppliers and personnel up front as they are needed, rather
43 than provide reimbursement to patients who would otherwise be responsible for the cost of their
44 emergency care and transportation.
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47 Lastly, although Global Rescue may be justifiably proud of the services it provides, the issue in
48 this case is whether the product it is selling is insurance, for which a certificate of authority is
49 required. Therefore, the self-serving materials praising its work in Haiti and elsewhere in
50 Respondent's Exhibit 1 are irrelevant to this inquiry.

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2 Therefore, the Commissioner's determination that Global Rescue's lack of a Certificate of
3 Authority, in the absence of any special regulatory framework, renders it in violation of RCW
4 48.05 030(1) and RCW 48.01.250(1)(a) should be upheld and so declared and ordered by the
5 Administrative Law Judge.
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8 Respectfully submitted this 13th day of April, 2010.
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12 Marcia G. Stickler
13 Staff Attorney
14 Legal Affairs Division
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