

SENATE BILL REPORT

SHB 2719

AS REPORTED BY COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE,  
FEBRUARY 28, 1992

**Brief Description:** Permitting certain transactions by insurance agent-brokers.

**SPONSORS:** House Committee on Financial Institutions & Insurance (originally sponsored by Representatives R. Meyers, Paris and Anderson)

**HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE**

**SENATE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE**

**Majority Report:** Do pass.

Signed by Senators von Reichbauer, Chairman; Erwin, Vice Chairman; McCaslin, Moore, Pelz, Rasmussen, Sellar, and Vognild.

**Staff:** Tom Fender (786-7414)

**Hearing Dates:** February 27, 1992; February 28, 1992

**BACKGROUND:**

Current Washington law distinguishes between insurance agents and insurance brokers. An agent is one who works on behalf of an insurance company and a broker is one who works on behalf of the insurance customer. Individuals may function as both agents and brokers, provided they respect the agency principal relationship involved.

Generally, insurance carriers appoint agents to offer the line of insurance products they have available. Agents under these circumstances provide these products to their customers and are paid a commission by the insurance carrier for such services. Brokers, on the other hand, work directly for the insurance customer and "shop" for a product that fits their customers' needs.

Considering the mix of insurance products required by both businesses and individuals alike, an agent may therefor function interchangeably as both an agent and broker. State law, however, prohibits an agent from being both an agent and broker to the same insurer.

A problem arises in that certain specialized insurance products are only made available to brokers. This appears to bar an insurance agent for that carrier from making that product available to one of his or her customers.

**SUMMARY:**

Agents shall be allowed to act as brokers when an insurance transaction is one wherein the insurance product is offered only to brokers. The agent must disclose these facts to the applicant.

**Appropriation:** none

**Revenue:** none

**Fiscal Note:** none requested

**TESTIMONY FOR:**

This bill will allow the placement of specialty products by agent/brokers. The public will be inconvenienced and protection against conflict of interest is provided.

**TESTIMONY AGAINST:** None

**TESTIFIED:** Steve Wehry, Insurance Brokers (pro)