

SENATE BILL REPORT

SB 6396

AS PASSED SENATE, FEBRUARY 18, 1992

Brief Description: Making certain unauthorized insurance brokers personally liable for contracts of insurance.

SPONSORS: Senators von Reichbauer, Pelz, Erwin, Moore, Vognild and Conner

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

Majority Report: Do pass.

Signed by Senators von Reichbauer, Chairman; Erwin, Vice Chairman; Owen, Pelz, Sellar, Vognild, and West.

Staff: Tom Fender (786-7414)

Hearing Dates: February 7, 1992

BACKGROUND:

It has been reported that consumers are being subjected to losses as a result of having dealt with unlicensed surplus line companies. In many cases, these companies are not only unlicensed but do not represent any legitimate form of insurance carrier.

In collaboration with the Insurance Commissioner, surplus line brokers have investigated remedies for dealing with this situation. An effective tool has been legislation used in southern states from which this proposal is modeled. This effect is achieved by creating a Title 48 remedy in addition to the contract remedy that now exists. Accordingly, it is possible to seize assets before illusory companies cease operation and/or depart the state.

SUMMARY:

Any individual transacting business in the name of an unlicensed company is personally liable for resulting losses.

Appropriation: none

Revenue: none

Fiscal Note: none requested

TESTIMONY FOR:

This is a needed tool to reach those who operate unlicensed with a corporate shield or from out of state.

TESTIMONY AGAINST: None

TESTIFIED: PRO: Walt Corneille, Surplus Line Association of
Washington; John Bentley, Surplus Line Association of
Washington