

2 **SB 6377 - H COMM AMD ADOPTED 03/02/94**

3 By Committee on Financial Institutions & Insurance

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5 Strike everything after the enacting clause and insert the
6 following:

7 "Sec. 1. RCW 48.17.270 and 1993 c 455 s 1 are each amended to read
8 as follows:

9 (1) A licensed agent may be licensed as a broker and be a broker as
10 to insurers for which the licensee is not then appointed as agent. A
11 licensed broker may be licensed as and be an agent as to insurers
12 appointing such agent. The sole relationship between a broker and an
13 insurer as to which the licensee is appointed as an agent shall, as to
14 transactions arising during the existence of such agency appointment,
15 be that of insurer and agent. (~~In a situation where an insurer has a
16 special arrangement with respect to a particular insurance policy
17 whereby it deals with brokers only, its appointed agents who are also
18 licensed brokers may, with the approval of the insurer, participate in
19 the arrangement and receive a broker's fee therefor, provided there is
20 full disclosure of the facts to the insured or applicant for the
21 insurance.~~)

22 (2) Unless the agency-insurer agreement provides to the contrary,
23 an insurance agent licensed as a broker may, with respect to property
24 and casualty insurance, receive the following compensation:

25 (a) A commission paid by the insurer;

26 (b) A fee paid by the insured; or

27 (c) A combination of commission paid by the insurer and a fee paid
28 by the insured from which a broker may offset or reimburse the insured
29 for all or part of the fee.

30 If the compensation received by an agent who is also licensed as a
31 broker and who is dealing directly with the insured includes a fee, the
32 full amount of compensation, including an explanation of any offset or
33 reimbursement, must be disclosed in writing, signed by the broker and
34 the insured, and the writing must be retained by the broker for not
35 less than five years.

1 **Sec. 2.** RCW 48.18.180 and 1947 c 79 s .18.18 are each amended to
2 read as follows:

3 (1) The premium stated in the policy shall be inclusive of all
4 fees, charges, premiums, or other consideration charged for the
5 insurance or for the procurement thereof.

6 (2) No insurer or its officer, employee, agent, solicitor, or other
7 representative shall charge or receive any fee, compensation, or
8 consideration for insurance which is not included in the premium
9 specified in the policy.

10 (3) Each violation of this section is a gross misdemeanor.

11 (4) This section does not apply to a fee paid to a broker by an
12 insured as provided in RCW 48.17.270.

13 **Sec. 3.** RCW 48.30.140 and 1990 1st ex.s. c 3 s 8 are each amended
14 to read as follows:

15 (1) Except to the extent provided for in an applicable filing with
16 the commissioner then in effect, no insurer, general agent, agent,
17 broker, or solicitor shall, as an inducement to insurance, or after
18 insurance has been effected, directly or indirectly, offer, promise,
19 allow, give, set off, or pay to the insured or to any employee of the
20 insured, any rebate, discount, abatement, or reduction of premium or
21 any part thereof named in any insurance contract, or any commission
22 thereon, or earnings, profits, dividends, or other benefit, or any
23 other valuable consideration or inducement whatsoever which is not
24 expressly provided for in the policy.

25 (2) Subsection (1) of this section shall not apply as to
26 commissions paid to a licensed agent, general agent, broker, or
27 solicitor for insurance placed on that person's own property or risks.

28 (3) This section shall not apply to the allowance by any marine
29 insurer, or marine insurance agent, general agent, broker, or
30 solicitor, to any insured, in connection with marine insurance, of such
31 discount as is sanctioned by custom among marine insurers as being
32 additional to the agent's or broker's commission.

33 (4) This section shall not apply to advertising or promotional
34 programs conducted by insurers, agents, or brokers whereby prizes,
35 goods, wares, or merchandise, not exceeding twenty-five dollars in
36 value per person in the aggregate in any twelve month period, are given
37 to all insureds or prospective insureds under similar qualifying
38 circumstances.

1 (5) This section does not apply to an offset or reimbursement of
2 all or part of a fee paid to a broker as provided in RCW 48.17.270.

3 **Sec. 4.** RCW 48.30.170 and 1947 c 79 s .30.17 are each amended to
4 read as follows:

5 (1) No insured person shall receive or accept, directly or
6 indirectly, any rebate of premium or part thereof, or any favor,
7 advantage, share in dividends, or other benefits, or any valuable
8 consideration or inducement not specified or provided for in the
9 policy, or any commission on any insurance policy to which he or she is
10 not lawfully entitled as a licensed agent, broker, or solicitor. The
11 retention by the nominal policyholder in any group life insurance
12 contract of any part of any dividend or reduction of premium thereon
13 contrary to the provisions of RCW 48.24.260, shall be deemed the
14 acceptance and receipt of a rebate and shall be punishable as provided
15 by this code.

16 (2) The amount of insurance whereon the insured has so received or
17 accepted any such rebate or any such commission, other than as to life
18 or disability insurances, shall be reduced in the proportion that the
19 amount or value of the rebate or commission bears to the premium for
20 such insurance. In addition to such reduction of insurance, if any,
21 any such insured shall be liable to a fine of not more than two hundred
22 dollars.

23 (3) This section shall not apply to an offset or reimbursement of
24 all or part of a fee paid to a broker as provided in RCW 48.17.270."

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