

HOUSE BILL REPORT

SHB 2570

As Passed Legislature

Title: An act relating to insurance licensing requirements.

Brief Description: Changing insurance licensing requirements.

Sponsors: By House Committee on Financial Institutions & Insurance (originally sponsored by Representatives Zellinsky, L. Thomas, R. Meyers and Dorn; by request of Insurance Commissioner).

Brief History:

Reported by House Committee on:

Financial Institutions & Insurance, February 2, 1994,
DPS;

Passed House, February 14, 1994, 96-0;

Passed Legislature.

HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 12 members: Representatives Zellinsky, Chair; Scott, Vice Chair; Mielke, Ranking Minority Member; Dyer, Assistant Ranking Minority Member; Anderson; Dellwo; Grant; R. Johnson; Kremen; Lemmon; Schmidt and L. Thomas.

Staff: Charlie Gavigan (786-7340).

Background: Fraternal benefit societies are regulated by the Insurance Commissioner. A fraternal benefit society is a non-profit organization which provides benefits, including insurance, to its members. Currently, a fraternal benefit society's license expires annually each April 1.

The Insurance Commissioner licenses insurance agents, brokers, solicitors, and other persons engaged in the business of insurance. These licenses are for a period of time established by the commissioner; generally, they are valid until revoked. License fees are paid annually. Appointments of agents by insurance companies must be renewed annually. Surplus line brokers' licenses must be renewed annually.

The commissioner conducts examinations for persons requesting agent, broker, or other licenses, and administers continuing education requirements.

Summary of Bill: The license of a fraternal benefit society continues in force until revoked by the Insurance Commissioner; the license fee must be paid annually by July 1.

The license fees for agents, brokers, and others must be paid every two years, rather than annually. The fee for an examination related to obtaining a license is increased from \$10 to \$20. Surplus line brokers' licenses are valid for a period of time established by the commissioner, rather than one year by statute.

Appointments of agents by insurance companies are valid for an unspecified period of time, rather than one year. The fee is paid on the renewal date established by the commissioner, rather than annually.

Some reporting requirements to the commissioner are removed or modified.

Fiscal Note: Requested January 18, 1994.

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

Testimony For: Changing payment of licensing fees from yearly to every two years will reduce paperwork for the Insurance Commissioner and the industry, without compromising consumer protection, since problems are addressed when they are discovered, not at time of licensing. Providers of education should not have to pay the education fee, particularly non-profit organizations.

Testimony Against: None.

Witnesses: Deborah Senn, Insurance Commissioner (supports); John Rathbun, Washington State Association of Life Underwriters (supports with amendment); and Steve Hogg Seattle Association of Life Underwriters (supports with amendment).