

CERTIFICATION OF ENROLLMENT

**SUBSTITUTE HOUSE BILL 2570**

53rd Legislature  
1994 Regular Session

Passed by the House February 14, 1994  
Yeas 96 Nays 0

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**Speaker of the  
House of Representatives**

Passed by the Senate March 3, 1994  
Yeas 44 Nays 3

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**President of the Senate**

Approved

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**Governor of the State of Washington**

CERTIFICATE

I, Marilyn Showalter, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SUBSTITUTE HOUSE BILL 2570** as passed by the House of Representatives and the Senate on the dates hereon set forth.

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**Chief Clerk**

FILED

**Secretary of State  
State of Washington**

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**SUBSTITUTE HOUSE BILL 2570**

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Passed Legislature - 1994 Regular Session

**State of Washington                      53rd Legislature                      1994 Regular Session**

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

Read first time 02/04/94.

1            AN ACT Relating to insurance licensing requirements; and amending  
2 RCW 48.36A.270, 48.14.010, 48.15.070, 48.17.150, 48.17.160, 48.17.563,  
3 48.05.390, and 48.19.040.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5            **Sec. 1.** RCW 48.36A.270 and 1987 c 366 s 27 are each amended to  
6 read as follows:

7            (~~Societies which are now authorized to transact business in this~~  
8 ~~state may continue the business until April 1, 1988. The authority of~~  
9 ~~the societies and all societies licensed under this chapter, may be~~  
10 ~~renewed annually, but in all cases to terminate on April 1st each year.~~  
11 ~~However, a license so issued shall continue in full force and effect~~  
12 ~~until the new license is issued or specifically refused.)) A license  
13 under this chapter continues in force until suspended, revoked, or not  
14 renewed. A license is subject to renewal annually on the first day of  
15 July upon payment of the fee for the license. If not so renewed, the  
16 certificate expires as of the thirtieth day of June of the same year.  
17 Licenses existing on the effective date of this act continue in force  
18 until July 1, 1995, unless revoked or suspended. For each license or  
19 renewal the society shall pay the commissioner the fee established~~

1 pursuant to RCW 48.14.010, subject to the retaliatory provision of RCW  
2 48.14.040. A certified copy or duplicate of the license shall be prima  
3 facie evidence that the licensee is a fraternal benefit society within  
4 the meaning of this chapter.

5 **Sec. 2.** RCW 48.14.010 and 1993 c 462 s 57 are each amended to read  
6 as follows:

7 (1) The commissioner shall collect in advance the following fees:

8 **(a) For filing charter documents:**

- 9 (i) Original charter documents, bylaws or record of  
10 organization of insurers, or certified copies  
11 thereof, required to be filed . . . . . \$250.00  
12 (ii) Amended charter documents, or certified copy  
13 thereof, other than amendments of bylaws . . . . . \$ 10.00  
14 (iii) No additional charge or fee shall be required  
15 for filing any of such documents in the office  
16 of the secretary of state.

17 **(b) Certificate of authority:**

- 18 (i) Issuance . . . . . \$ 25.00  
19 (ii) Renewal . . . . . \$ 25.00

20 **(c) Annual statement of insurer, filing . . . . . \$ 20.00**

21 **(d) Organization or financing of domestic insurers and affiliated  
22 corporations:**

- 23 (i) Application for solicitation permit, filing . . . \$100.00  
24 (ii) Issuance of solicitation permit . . . . . \$ 25.00

25 **(e) Agents' licenses:**

- 26 (i) Agent's qualification licenses (~~each year~~)  
27 every two years . . . . . \$ (~~(25.00)~~)  
28 50.00  
29 (ii) Filing of appointment of each such agent, (~~each~~  
30 year) every two years . . . . . \$ (~~(10.00)~~)  
31 20.00  
32 (iii) Limited license issued pursuant to RCW  
33 48.17.190, (~~each year~~) every two years . . . \$ (~~(10.00)~~)  
34 20.00

1	<b>(f) Reinsurance intermediary licenses:</b>	
2	(i) Reinsurance intermediary-broker, each year . . . .	\$ 50.00
3	(ii) Reinsurance intermediary-manager, each year . . .	\$100.00
4	<b>(g) Brokers' licenses:</b>	
5	(i) Broker's license, ((each—year)) <u>every two</u>	
6	<u>years</u> . . . . .	\$ ((50.00))
7		<u>100.00</u>
8	(ii) Surplus line broker, ((each—year)) <u>every two</u>	
9	<u>years</u> . . . . .	\$((100.00))
10		<u>200.00</u>
11	<b>(h) Solicitors' license, ((each—year)) <u>every two years</u></b>	. \$ ((10.00))
12		<u>20.00</u>
13	<b>(i) Adjusters' licenses:</b>	
14	(i) Independent adjuster, ((each—year)) <u>every two</u>	
15	<u>years</u> . . . . .	\$ ((25.00))
16		<u>50.00</u>
17	(ii) Public adjuster, ((each—year)) <u>every two years</u>	\$ ((25.00))
18		<u>50.00</u>
19	<b>(j) Resident general agent's license, ((each—year)) <u>every two</u></b>	
20	<u>years</u> . . . . .	\$ ((25.00))
21		<u>50.00</u>
22	<b>(k) Managing general agent appointment, ((each—year)) <u>every two</u></b>	
23	<u>years</u> . . . . .	\$((100.00))
24		<u>200.00</u>
25	<b>(l) Examination for license, each examination:</b>	
26	All examinations, except examinations administered by	
27	an independent testing service, the fees for	
28	which are to be approved by the commissioner and	
29	collected directly by and retained by such	
30	independent testing service . . . . .	\$ ((10.00))
31		<u>20.00</u>
32	<b>(m) Miscellaneous services:</b>	
33	(i) Filing other documents . . . . .	\$ 5.00
34	(ii) Commissioner's certificate under seal . . . . .	\$ 5.00
35	(iii) Copy of documents filed in the commissioner's	
36	office, reasonable charge therefor as determined	
37	by the commissioner.	

38       (2) All fees so collected shall be remitted by the commissioner to  
39 the state treasurer not later than the first business day following,

1 and shall be placed to the credit of the general fund: PROVIDED, That  
2 fees for examinations administered by an independent testing service  
3 which are approved by the commissioner pursuant to subsection (1)(1) of  
4 this section shall be collected directly by such independent testing  
5 service and retained by it.

6 **Sec. 3.** RCW 48.15.070 and 1983 1st ex.s. c 32 s 24 are each  
7 amended to read as follows:

8 Any individual while a resident of this state, or any firm or any  
9 corporation that has in its employ a qualified individual who is a  
10 resident of this state and who is authorized to exercise the powers of  
11 the firm or corporation, deemed by the commissioner to be competent and  
12 trustworthy, and while maintaining an office at a designated location  
13 in this state, may be licensed as a surplus line broker in accordance  
14 with this section.

15 (1) Application to the commissioner for the license shall be made  
16 on forms furnished by the commissioner.

17 ~~(2) ((The license fee shall be one hundred dollars for each license  
18 year during any part of which the license is in force. The annual  
19 renewal date shall be determined by the commissioner. The commissioner  
20 shall adopt a rule providing for the proration, on a quarterly basis,  
21 of the license fee. The proration shall be applicable only: (a) To  
22 applicants who apply for a license after the expiration of the first  
23 quarter of any license year, or (b) to licensees whose licenses would  
24 exist for less than nine months as a result of the adoption of the  
25 annual renewal date.))~~ The license shall expire if not timely renewed.  
26 Surplus line brokers licenses shall be valid for the time period  
27 established by the commission unless suspended or revoked at an earlier  
28 date.

29 (3) Prior to issuance of license the applicant shall file with the  
30 commissioner a bond in favor of the state of Washington in the penal  
31 sum of twenty thousand dollars, with authorized corporate sureties  
32 approved by the commissioner, conditioned that he will conduct business  
33 under the license in accordance with the provisions of this chapter and  
34 that he will promptly remit the taxes provided by RCW 48.15.120. The  
35 licensee shall maintain such bond in force for as long as the license  
36 remains in effect.

37 (4) Every applicant for a surplus line broker's license or for the  
38 renewal of a surplus line broker's license shall file with the

1 application or request for renewal a bond in favor of the people of the  
2 state of Washington, executed by an authorized corporate surety  
3 approved by the commissioner, in the amount of one hundred thousand  
4 dollars and shall be the bonding requirement for new licensees. The  
5 licensee shall maintain such bond in force while so licensed. The bond  
6 may be continuous in form, and total aggregate liability on the bond  
7 may be limited to the amount stated in the bond. The bond shall be  
8 contingent on the accounting by the surplus line broker to any person  
9 requesting such broker to obtain insurance, for moneys or premiums  
10 collected in connection therewith. A bond issued in accordance with  
11 RCW 48.17.250 or with this subsection will satisfy the requirements of  
12 both RCW 48.17.250 and this subsection if the limit of liability is not  
13 less than the greater of the requirement of RCW 48.17.250 or the  
14 requirement of this subsection.

15 (5) Any bond issued pursuant to subsection (3) or (4) of this  
16 section shall remain in force until the surety is released from  
17 liability by the commissioner, or until the bond is canceled by the  
18 surety. Without prejudice to any liability accrued prior to such  
19 cancellation, the surety may cancel the bond upon thirty days' advance  
20 notice in writing filed with the commissioner.

21 (6) For the purposes of this section, a "qualified individual" is  
22 a natural person who has met all the requirements that must be met by  
23 an individual surplus line broker.

24 **Sec. 4.** RCW 48.17.150 and 1988 c 248 s 9 are each amended to read  
25 as follows:

26 (1) To qualify for an agent's or broker's license an applicant must  
27 otherwise comply with this code therefor and must

28 (a) be eighteen years of age or over, if an individual;

29 (b) be a bona fide resident of and actually reside in this state,  
30 or if a corporation, be other than an insurer and maintain a lawfully  
31 established place of business in this state, except as provided in RCW  
32 48.17.330;

33 (c) be empowered to be an agent or broker, as the case may be,  
34 under its members' agreement, if a firm, or by its articles of  
35 incorporation, if a corporation;

36 (d) complete such minimum educational requirements for the issuance  
37 of an agent's license for the kinds of insurance specified in RCW  
38 48.17.210 as may be required by regulation issued by the commissioner;

1 (e) successfully pass any examination as required under RCW  
2 48.17.110;

3 (f) be a trustworthy person;

4 (g) if for an agent's license, be appointed as its agent by one or  
5 more authorized insurers, subject to issuance of the license; and

6 (h) if for broker's license, have had at least two years experience  
7 either as an agent, solicitor, adjuster, general agent, broker, or as  
8 an employee of insurers or representatives of insurers, and special  
9 education or training of sufficient duration and extent reasonably to  
10 satisfy the commissioner that he possesses the competence necessary to  
11 fulfill the responsibilities of broker.

12 (2) The commissioner shall by regulation establish minimum  
13 continuing education requirements for the renewal or reissuance of a  
14 license to an agent or a broker: PROVIDED, That the commissioner shall  
15 require that continuing education courses will be made available on a  
16 state-wide basis in order to ensure that persons residing in all  
17 geographical areas of this state will have a reasonable opportunity to  
18 attend such courses. The continuing education requirements shall be  
19 appropriate to the license for the kinds of insurance specified in RCW  
20 48.17.210: PROVIDED FURTHER, That the continuing education  
21 requirements may be waived by the commissioner for good cause shown.

22 (3) If the commissioner finds that the applicant is so qualified  
23 and that the license fee has been paid, (~~he shall issue~~) the license  
24 shall be issued. Otherwise, the commissioner shall refuse to issue the  
25 license.

26 **Sec. 5.** RCW 48.17.160 and 1990 1st ex.s. c 3 s 3 are each amended  
27 to read as follows:

28 (1) Each insurer on appointing an agent in this state shall file  
29 written notice thereof with the commissioner on forms as prescribed and  
30 furnished by the commissioner, and shall pay the filing fee therefor as  
31 provided in RCW 48.14.010. The commissioner shall return the  
32 appointment of agent form to the insurer for distribution to the agent.  
33 The commissioner may adopt regulations establishing alternative  
34 appointment procedures for individuals within licensed firms,  
35 corporations, or sole proprietorships who are empowered to exercise the  
36 authority conferred by the firm, corporate, or sole proprietorship  
37 license.

1 (2) Each appointment shall be effective until the agent's license  
2 expires or is revoked, the appointment has expired, or written notice  
3 of termination of the appointment is filed with the commissioner,  
4 whichever occurs first.

5 (3) When the appointment is revoked by the insurer, written notice  
6 of such revocation shall be given to the agent and a copy of the notice  
7 of revocation shall be mailed to the commissioner.

8 (4) Revocation of an appointment by the insurer shall be deemed to  
9 be effective as of the date designated in the notice as being the  
10 effective date if the notice is actually received by the agent prior to  
11 such designated date; otherwise, as of the earlier of the following  
12 dates:

13 (a) The date such notice of revocation was received by the agent.

14 (b) The date such notice, if mailed to the agent at his last  
15 address of record with the insurer, in due course should have been  
16 received by the agent.

17 (5) Appointments (~~((shall be for one year and shall))~~) expire if not  
18 timely renewed. Each insurer shall (~~((annually))~~) pay the renewal fee  
19 set forth for each agent holding an appointment on the (~~((annual))~~)  
20 renewal date assigned the agents of the insurer by the commissioner.  
21 The commissioner, by rule, shall determine renewal dates. If a  
22 staggered system is used, fees shall be prorated in the conversion to  
23 a staggered system.

24 **Sec. 6.** RCW 48.17.563 and 1989 c 323 s 7 are each amended to read  
25 as follows:

26 (1) The commissioner may require insurance education providers to  
27 furnish specific information regarding their curricula, faculty,  
28 methods of monitoring attendance, and other matters reasonably related  
29 to providing insurance education under this chapter. The commissioner  
30 may grant approvals to such providers who demonstrate the ability to  
31 conduct and certify completion of one or more courses satisfying the  
32 insurance education requirements of RCW 48.17.150.

33 (2) Provider and course approvals are valid for the time period  
34 established by the commissioner and shall expire if not timely  
35 renewed. Each provider shall pay the renewal fee set forth in RCW  
36 48.14.010(1)(n).

37 (3) In granting approvals for courses required by RCW  
38 48.17.150(1)(d):



1 (a) The commissioner may require the availability of a licensed  
2 agent with appropriate experience on the premises whenever instruction  
3 is being offered; and

4 (b) The commissioner shall not deny approval to any provider on the  
5 grounds that the proposed method of education employs nontraditional  
6 teaching techniques, such as substituting taped lectures for live  
7 instruction, offering instruction without fixed schedules, or providing  
8 education at individual learning rates.

9 **Sec. 7.** RCW 48.05.390 and 1988 c 248 s 6 are each amended to read  
10 as follows:

11 (1) The report required by RCW 48.05.380 shall include the types of  
12 insurance written by the insurer for policies pertaining to:

13 (a) Medical malpractice for physicians and surgeons, hospitals,  
14 other health care professions, and other health care facilities  
15 individually;

16 (b) Products liability. However, if comparable information is  
17 included in the annual statement required by RCW 48.05.250, products  
18 liability data must not be reported under RCW 48.05.380;

19 (c) Attorneys' malpractice;

20 (d) Architects' and engineers' malpractice;

21 (e) Municipal liability; and

22 (f) Day care center liability.

23 (2) The report shall include the following data by the type of  
24 insurance for the previous year ending on the thirty-first day of  
25 December:

26 (a) Direct premiums written;

27 (b) Direct premiums earned;

28 (c) Net investment income, including net realized capital gain and  
29 losses, using appropriate estimates where necessary;

30 (d) Incurred claims, development as the sum of the following:

31 (i) Dollar amount of claims closed with payments; plus

32 (ii) Reserves for reported claims at the end of the current year;  
33 minus

34 (iii) Reserves for reported claims at the end of the previous year;  
35 plus

36 (iv) Reserves for incurred but not reported claims at the end of  
37 the current year; minus

1 (v) Reserves for incurred but not reported claims at the end of the  
2 previous year; plus

3 (vi) Reserves for loss adjustment expense at the end of the current  
4 year; minus

5 (vii) Reserves for loss adjustment expense at the end of the  
6 previous year.

7 (e) Actual incurred expenses allocated separately to loss  
8 adjustment, commissions, other acquisition costs, advertising, general  
9 office expenses, taxes, licenses and fees, and all other expenses;

10 (f) Net underwriting gain or loss;

11 (g) Net operation gain or loss, including net investment income;  
12 and

13 ~~(h) ((The number and dollar amount of claims closed with payment,~~  
14 ~~by year incurred and the amount reserved for them;~~

15 ~~(i) The number of claims closed without payment and the dollar~~  
16 ~~amount reserved for those claims; and~~

17 ~~(j))~~) Other information requested by the insurance commissioner.

18 (3) The report shall be filed annually with the commissioner, no  
19 later than the first day of May.

20 **Sec. 8.** RCW 48.19.040 and 1989 c 25 s 4 are each amended to read  
21 as follows:

22 (1) Every insurer or rating organization shall, before using, file  
23 with the commissioner every classifications manual, manual of rules and  
24 rates, rating plan, rating schedule, minimum rate, class rate, and  
25 rating rule, and every modification of any of the foregoing which it  
26 proposes. The insurer need not so file any rate on individually rated  
27 risks as described in subdivision (1) of RCW 48.19.030; except that any  
28 such specific rate made by a rating organization shall be filed.

29 (2) Every such filing shall indicate the type and extent of the  
30 coverage contemplated and must be accompanied by sufficient information  
31 to permit the commissioner to determine whether it meets the  
32 requirements of this chapter. An insurer or rating organization shall  
33 offer in support of any filing:

34 (a) The experience or judgment of the insurer or rating  
35 organization making the filing;

36 (b) An exhibit detailing the major elements of operating expense  
37 for the types of insurance affected by the filing;

1 (c) An explanation of how investment income has been taken into  
2 account in the proposed rates; and

3 (d) Any other information which the insurer or rating organization  
4 deems relevant.

5 (3) If an insurer has insufficient loss experience to support its  
6 proposed rates, it may submit loss experience for similar exposures of  
7 other insurers or of a rating organization.

8 (4) Every such filing shall state its proposed effective date.

9 (5) ~~((General liability, professional liability, and commercial  
10 automobile insurance rate filings must be submitted or updated at least  
11 once in each fifteen-month interval so that the commissioner has timely  
12 supporting information necessary to determine that the current  
13 schedules, manuals, rules, rates, and rating plans meet the  
14 requirements of RCW 48.19.020.~~

15 ~~(6))~~ A filing made pursuant to this chapter shall be exempt from  
16 the provisions of RCW 48.02.120(3). However, the filing and all  
17 supporting information accompanying it shall be open to public  
18 inspection only after the filing becomes effective.

19 ~~((7))~~ (6) Where a filing is required no insurer shall make or  
20 issue an insurance contract or policy except in accordance with its  
21 filing then in effect, except as is provided by RCW 48.19.090.

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