
HOUSE BILL 2009

State of Washington

55th Legislature

1997 Regular Session

By Representatives L. Thomas, Grant, Dyer, Keiser, Benson, DeBolt, Wolfe and Smith

Read first time 02/18/97. Referred to Committee on Financial Institutions & Insurance.

1 AN ACT Relating to termination of contracts with general agents;
2 and amending RCW 48.17.591.

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

4 **Sec. 1.** RCW 48.17.591 and 1990 c 121 s 1 are each amended to read
5 as follows:

6 (1) No insurer authorized to do business in this state may cancel
7 or refuse to renew any policy because that insurer's contract with the
8 independent agent through whom such policy is written has been
9 terminated by the insurer, the agent, or by mutual agreement.

10 (2) If an insurer intends to terminate a written agency contract
11 with an independent agent, the insurer shall give the agent not less
12 than one hundred twenty days' advance written notice of the intent,
13 unless the termination is based upon the agent's abandonment of the
14 agency, the agent's gross and willful misconduct, the agent's loss of
15 license by order of the insurance commissioner, the agent's sale of, or
16 material change of ownership in, the agency, the agent's fraud or
17 material misrepresentation relative to the business of insurance, or
18 the agent's default in payments due the insurer under the terms of the

1 agreement. During the notice period the insurer shall not amend the
2 existing contract without the consent of the agent.

3 (a) Unless the agency contract provides otherwise, during the one
4 hundred twenty day notice period the independent agent shall not write
5 or bind any new business on behalf of the terminating insurer without
6 specific written approval. However, routine adjustments by insureds
7 are permitted. The terminating insurer shall permit renewal of all its
8 policies in the agent's book of business for a period of one year
9 following the effective date of the termination, to the extent the
10 policies meet the insurer's underwriting standards and the insurer has
11 no other reason for nonrenewal. The rate of commission for any
12 policies renewed under this provision shall be the same as the agent
13 would have received had the agency agreement not been terminated.

14 (b) An independent agent whose agency contract has been terminated
15 shall have a reasonable opportunity to transfer affected policies to
16 other insurers with which the agent has an appointment: PROVIDED,
17 HOWEVER, That prior to the conclusion of the one-year renewal period
18 following the effective date of the termination, an insurer without a
19 reason for not renewing an insured's policy and which has not received
20 notification of the placement of such policy with another insurer shall
21 provide its insured with appropriate written notice of an offer to
22 continue the policy. In such cases, except where the terminated agent
23 has placed the policy with another agent of the insurer, the insurer
24 shall, where practical, assign the policy to an appointed agent located
25 reasonably near the insured willing to accept the assignment.

26 (c) An insurer is not required to continue the appointment of a
27 terminated independent agent during or after the one year renewal
28 period. However, an agent whose contract has been terminated by the
29 insurer remains an agent of the terminating insurer as to actions
30 associated with the policies subject to this section just as if he or
31 she were appointed by the insurer as its agent.

32 (3) In the absence of receipt of notice from the insured that
33 coverage will not be continued with the existing insurer, an insurer
34 whose agency contract has been terminated by an independent agent, or
35 by the mutual agreement of the insurer and the agent, that elects to
36 renew or lacks a reason not to renew, shall give the renewal notice
37 required by chapter 48.18 RCW to affected insureds, and continue
38 renewed coverage in accordance with the methods specified in subsection
39 (2)(b) of this section. Agents affected by this subsection may provide

1 the notice to an insurer that an insured does not intend to continue
2 existing coverage with the insurer, after receiving written authority
3 to do so from an insured.

4 (4) For purposes of this section an "independent agent" is a
5 licensed insurance agent representing an insurer on an independent
6 contractor basis and not as an employee. This term includes only those
7 agents not obligated by contract to place insurance accounts with a
8 particular insurer or group of insurers.

9 (5) This section does not apply to (a) agents or policies of an
10 insurer or group of insurers if the business is not owned by the agent
11 and the termination of any such contractual agreement does not result
12 in the cancellation or nonrenewal of any policies of insurance; (b)
13 ~~((general agents, to the extent that they are acting in that capacity;~~
14 ~~(c))) life, disability, surety, ocean marine and foreign trade, and
15 title insurance policies; ~~((d)))~~ (c) situations where the termination
16 of the agency contract results from the insolvency or liquidation of
17 the terminating insurer.~~

18 (6) No insurer may terminate its agency contract with an appointed
19 agent unless it complies with this section.

20 (7) Nothing contained in this section excuses an insurer from
21 giving cancellation and renewal notices that may be required by chapter
22 48.18 RCW.

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