

HOUSE BILL REPORT

HB 1729

As Reported by House Committee On:

Financial Institutions & Insurance

Title: An act relating to licensing surplus line brokers.

Brief Description: Licensing surplus line brokers.

Sponsors: Representatives Benson, Hatfield, McIntire, Cairnes, Roach, Simpson and Keiser.

Brief History:

Committee Activity:

Financial Institutions & Insurance: 2/16/01, 2/20/01 [DP].

Brief Summary of Bill

- A nonresident may be licensed by the Insurance Commissioner as a "surplus lines" broker.

HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

Majority Report: Do pass. Signed by 12 members: Representatives Benson, Republican Co-Chair; Hatfield, Democratic Co-Chair; Bush, Republican Vice Chair; McIntire, Democratic Vice Chair; Barlean, Cairnes, DeBolt, Keiser, Miloscia, Roach, Santos and Simpson.

Staff: Thamas Osborn (786-7129).

Background:

A "surplus lines" insurer is an insurance company that does not have a certificate of authority issued by the Insurance Commissioner to transact business in the state, and may only operate under certain rules, specified by statute. The insurance offered by such a broker must be of a type that is not available from other authorized insurers, and the broker must be licensed as a surplus lines broker.

Currently, an individual must be a resident of the state to be licensed as a surplus lines broker.

Summary of Bill:

The Insurance Commissioner is authorized to license a nonresident person as a surplus lines broker if he or she meets all other requirements of the law, and if his or her state or province of residence extends a similar privilege to Washington residents. A nonresident surplus lines licensee is subject to the commissioner's supervision as though he or she were a resident of this state.

Appropriation: None.

Fiscal Note: Not Requested.

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

Testimony For: This will give reciprocity to surplus lines brokers, allowing nonresidents to be surplus lines brokers if the other jurisdiction allows Washington surplus lines brokers to do business in that jurisdiction. Since nonresident brokers are to be regulated the same as resident brokers, consumers are still protected.

Testimony Against: None

Testified: (In support) Kendel Lyman, Surplus Line Association; and Tom Parker, Surplus Line Association.