

# HOUSE BILL REPORT

## ESHB 2224

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### As Passed Legislature

**Title:** An act relating to licensing specialty producers of certain lines of insurance.

**Brief Description:** Licensing specialty producers of certain lines of insurance.

**Sponsors:** By House Committee on Financial Institutions & Insurance (originally sponsored by Representatives Benson and Hatfield).

**Brief History:**

**Committee Activity:**

Financial Institutions & Insurance: 2/8/02 [DPS].

**Floor Activity:**

Passed House: 2/18/02, 97-0.

Senate Amended.

Passed Senate: 3/7/02, 46-1.

House Concurred.

Passed House: 3/11/02, 94-0.

Passed Legislature.

**Brief Summary of Engrossed Substitute Bill**

- Requires that retailers be licensed in order to sell insurance associated with consumer purchases of specified communications equipment.
- Authorizes the Office of the Insurance Commissioner to regulate the insurance marketing practices of specified electronics retailers.

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### HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 11 members: Representatives Cooper, Chair; McIntire, Vice Chair; Benson, Ranking Minority Member; Barlean, Cairnes, Hatfield, Mielke, Miloscia, Roach, Santos and Simpson.

**Staff:** Thamas Osborn (786-7129).

**Background:**

The Office of the Insurance Commissioner (OIC) regulates the licensing of agents, brokers, solicitors, and adjusters within the insurance industry. Such insurance professionals must be licensed in accordance with specific statutory criteria, and may not engage in insurance marketing activities without the requisite license. In addition to the submission of an application, a prospective licensee must pass an examination designed to test his or her qualifications and competence.

Many retailers of consumer electronics products offer insurance to customers covering the theft, loss, or damage of such products. This type of insurance is generally sold to retail customers by employees of the retailer at the time of the purchase of the product. The marketing of such insurance by retailers is not currently subject to regulation by the OIC and does not require that the retailer be licensed.

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**Summary of Engrossed Substitute Bill:**

The OIC is authorized to implement a regulatory scheme governing the insurance marketing practices of specified communications equipment retailers.

In order to market insurance products to customers, a retailer of communications equipment must obtain a specialty producer license from the OIC. "Communications equipment" includes cell phones, pagers, portable computers, and myriad other devices designed to originate or receive communications signals. The license allows the retailer, or "vendor", and its employees or authorized representatives to market insurance related to the sale of such equipment. The OIC is authorized to adopt rules expanding the categories of equipment covered by the bill.

Before a license may be issued to the vendor, the vendor must be appointed as the agent of an authorized insurer. Furthermore, the operation of the communications equipment insurance program requires that the vendor affiliate with a state licensed insurance agent, who must supervise a training program for the vendor's employees.

Licensed retail establishments are required to provide prospective customers with written materials disclosing the terms of the insurance program.

The OIC is granted extensive rulemaking authority in order to implement the act.

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**Appropriation:** None.

**Fiscal Note:** Available.

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

**Testimony For:** None.

**Testimony Against:** None.

**Testified:** None.