
**Financial Institutions &
Insurance Committee**

HB 2550

Brief Description: Applying for a license or solicitation permit from the insurance commissioner.

Sponsors: Representatives McIntire, Benson, Santos and Kenney; by request of Insurance Commissioner.

Brief Summary of Bill

- Authorizes the insurance commissioner to obtain fingerprints from certain license applicants and to submit the fingerprints to the state patrol and the Federal Bureau of Investigation for the purpose of conducting criminal background checks.
- Allows the insurance commissioner to collect fees from certain license applicants to pay for costs associated with background checks.

Hearing Date: 2/1/02

Staff: Thamas Osborn (786-7129).

Background:

Current law requires some applicants for insurance licenses to provide fingerprints to the Office of the Insurance Commissioner (OIC). The OIC, in turn, submits the fingerprints to the state patrol and the Federal Bureau of Investigation (FBI) for the purpose of completing criminal history background checks on the applicants. The FBI has recently taken the position that it cannot lawfully provide the OIC with an applicant's criminal history absent specific statutory authorization to do so. While state law does provide for the collection of fingerprints, it does not explicitly authorize their use by the FBI or the state patrol for the purpose of conducting background checks.

Current insurance regulations do not authorize either fingerprinting or criminal background checks with respect to licensing applications for the following categories of insurance professionals:

- Surplus lines brokers;
- Operators of premium finance companies;
- Viatical settlement brokers;
- Viatical settlement providers.

Summary of Bill:

The OIC is explicitly authorized to submit a licensing applicant's fingerprints to the state patrol and the FBI for the purpose of obtaining a criminal history background check. Applicants are to pay any fees associated with the completion of such background checks.

A person applying for a license as a surplus lines broker or to operate a premium finance company must provide fingerprints and other specified background information, as required by the commissioner.

Applicants for licensing as viatical settlement brokers or viatical settlement providers must provide fingerprints and submit to criminal history background checks.

Statutory language is clarified through technical changes in terminology.

Appropriation: None.

Fiscal Note: Requested on January 30, 2002.

Effective Date: The bill contains an emergency clause and takes effect immediately.