

SENATE BILL REPORT

HB 1729

As Reported By Senate Committee On:
Labor, Commerce & Financial Institutions, March 20, 2001

Title: An act relating to licensing surplus line brokers.

Brief Description: Licensing surplus line brokers.

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

Brief History:

Committee Activity: Labor, Commerce & Financial Institutions: 3/19/01, 3/20/01 [DP].

SENATE COMMITTEE ON LABOR, COMMERCE & FINANCIAL INSTITUTIONS

Majority Report: Do pass.

Signed by Senators Prentice, Chair; Gardner, Vice Chair; Deccio, Franklin, Rasmussen, Regala and Winsley.

Staff: Dave Cheal (786-7576)

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: We should extend this privilege to nonresidents, in part so that Washington resident surplus line brokers can be licensed in other states. Whether a broker is a resident

or not does not affect the Insurance Commissioner's ability to supervise the broker's operation.

Testimony Against: None.

Testified: Kendel Lyman, Surplus Line Association of Washington (pro).