

SENATE BILL REPORT

ESHB 2224

As Reported By Senate Committee On:
Labor, Commerce & Financial Institutions, February 28, 2002

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

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

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

Brief History:

Committee Activity: Labor, Commerce & Financial Institutions: 2/27/02, 2/28/02 [DP].

SENATE COMMITTEE ON LABOR, COMMERCE & FINANCIAL INSTITUTIONS

Majority Report: Do pass.

Signed by Senators Prentice, Chair; Keiser, Vice Chair; Benton, Deccio, Fairley, Hochstatter, Honeyford, Rasmussen, Regala and Winsley.

Staff: Matthew Adams (786-7784)

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.

Summary of Bill: The OIC is authorized to implement, by rule, 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 a myriad of 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 covering such equipment.

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 must provide prospective customers with written materials disclosing the terms of the insurance program.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: This bill is the product of negotiations between the industry and the Office of the Insurance Commissioner. As technology changes, it is important to protect consumers by regulating retailers that offer insurance for cell phones, pagers, and computers.

Testimony Against: None.

Testified: PRO: Mel Sorensen, Lockton International; Carrie Tellefson, Office of the Insurance Commissioner.