
HOUSE BILL 1728

State of Washington 57th Legislature 2001 Regular Session

By Representatives Campbell, Schual-Berke, Skinner and Cody

Read first time 02/01/2001. Referred to Committee on Health Care.

1 AN ACT Relating to third-party administrators for health carriers;
2 and adding a new chapter to Title 48 RCW.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 NEW SECTION. **Sec. 1.** The definitions in this section apply
5 throughout this chapter unless the context clearly requires otherwise.

6 (1) "Administrator" or "third-party administrator" means a person
7 who directly or indirectly underwrites, collects charges or premiums,
8 or adjusts or settles claims, in connection with health insurance
9 coverage offered by a health carrier, except any of the following:

10 (a) An employer, or an affiliate or subsidiary of an employer, on
11 behalf of its employees or the employees of one or more subsidiaries or
12 affiliated corporations of such employer;

13 (b) A union on behalf of its members;

14 (c) An insurance producer licensed to sell health insurance in this
15 state, whose activities are limited exclusively to the sale of
16 insurance;

17 (d) A creditor on behalf of its debtors with respect to insurance
18 covering a debt between the creditor and its debtors;

1 (e) A trust and its trustees, agents, and employees acting pursuant
2 to such trust established in conformity with 29 U.S.C. Sec. 186;

3 (f) A trust exempt from taxation under section 501(a) of the
4 internal revenue code, its trustees and employees acting pursuant to
5 such trust, or a custodian and the custodian's agents or employees
6 acting pursuant to a custodian account which meets the requirements of
7 section 401(f) of the internal revenue code;

8 (g) A credit union or a financial institution which is subject to
9 supervision or examination by federal or state banking authorities, or
10 a mortgage lender, to the extent they collect and remit premiums to
11 licensed insurance producers or to limited lines producers or
12 authorized health carriers in connection with loan payments;

13 (h) A credit card issuing company which advances for and collects
14 insurance premiums or charges from its credit card holders who have
15 authorized collection;

16 (i) A person who adjusts or settles claims in the normal course of
17 that person's practice or employment as an attorney at law and who does
18 not collect charges or premiums in connection with health insurance
19 coverage;

20 (j) An adjuster licensed by this state whose activities are limited
21 to adjustment of claims;

22 (k) A person who acts solely as an administrator or trustee of one
23 or more bona fide employee benefit plans established by an employer or
24 an employee organization, or both, for which the insurance laws of this
25 state are preempted pursuant to the employee retirement income security
26 act of 1974. Such a person shall comply with the requirements of
27 section 11(7) of this act;

28 (l) A person licensed as a managing general agent in this state
29 under chapter 48.98 RCW, whose activities are limited exclusively to
30 the scope of activities conveyed under such a license; or

31 (m) An association or a wholly owned subsidiary of an association
32 whose sole business purpose is to be the administrator of the
33 association's health insurance coverage programs.

34 (2) "Commissioner" means the Washington state insurance
35 commissioner.

36 (3) "Generally accepted accounting principles" means United States
37 generally accepted accounting principles, consistently applied.

38 (4) "Health carrier" means a person undertaking to provide health
39 insurance coverage in this state as defined in RCW 48.43.005. For the

1 purposes of this chapter, health carrier includes a licensed insurance
2 company, a prepaid hospital or medical care plan, a health maintenance
3 organization, a multiple employer welfare arrangement, a school
4 district or municipality providing a plan of insurance subject to state
5 insurance regulation, or any other person providing a plan of insurance
6 subject to state insurance regulation. "Health carrier" does not
7 include a bona fide employee benefit plan established by an employer or
8 an employee organization, or both, for which the insurance laws of this
9 state are preempted pursuant to the employee retirement income security
10 act of 1974.

11 (5) "Home state" means the District of Columbia and any state or
12 territory of the United States in which an administrator is
13 incorporated, or maintains its principal place of business. If neither
14 the state in which the administrator is incorporated, nor the state in
15 which it maintains its principal place of business has adopted a
16 substantially similar law governing administrators, the administrator
17 may declare another state, in which it conducts business, to be its
18 "home state."

19 (6) "Insurance" or "insurance coverage" means any health insurance
20 coverage offered or provided by a health carrier.

21 (7) "Insurance producer" is any person who sells, solicits, or
22 negotiates a contract of insurance.

23 (8) "Negotiate" means the act of conferring directly with or
24 offering advice directly to a purchaser or prospective purchaser of a
25 particular contract of insurance concerning any of the substantive
26 benefits, terms, or conditions of the contract, provided that the
27 person engaged in that act either sells insurance or obtains insurance
28 from health carriers for purchasers.

29 (9) "Nonresident administrator" means a person who is applying for
30 licensure or is licensed in any state other than the administrator's
31 home state.

32 (10) "Person" means an individual or a business entity.

33 (11) "Sell" means to exchange a contract of insurance by any means,
34 for money or its equivalent, on behalf of an insurance company.

35 (12) "Solicit" means attempting to sell insurance or asking or
36 urging a person to apply for a particular kind of insurance from a
37 particular company.

38 (13) "Underwrites" or "underwriting" includes, but is not limited
39 to, the acceptance of employer or individual applications for coverage

1 of individuals in accordance with the written rules of the health
2 carrier; the overall planning and coordinating of an insurance program;
3 and the ability to procure bonds and excess insurance.

4 (14) "Uniform nonresident application" means the current version of
5 the national association of insurance commissioners uniform nonresident
6 application for third-party administrators.

7 (15) "Uniform resident application" means the current version of
8 the national association of insurance commissioners uniform application
9 for resident third-party administrators.

10 NEW SECTION. **Sec. 2.** (1) No administrator shall act as such
11 without a written agreement between the administrator and the health
12 carrier, and the written agreement shall be retained as part of the
13 official records of both the health carrier and the administrator for
14 the duration of the agreement and for five years thereafter. The
15 agreement shall contain all provisions required by this chapter, except
16 insofar as those requirements do not apply to the functions performed
17 by the administrator.

18 (2) The written agreement shall include a statement of duties which
19 the administrator is expected to perform on behalf of the health
20 carrier and the lines, classes, or types of insurance for which the
21 administrator is to be authorized to administer. The agreement shall
22 make provision with respect to underwriting or other standards
23 pertaining to the business underwritten by the health carrier.

24 (3) The health carrier or administrator may, with written notice,
25 terminate the written agreement for cause as provided in the agreement.
26 The health carrier may suspend the underwriting authority of the
27 administrator during the pendency of any dispute regarding the cause
28 for termination of the written agreement. The health carrier shall
29 fulfill any lawful obligations with respect to policies affected by the
30 written agreement, regardless of any dispute between the health carrier
31 and the administrator.

32 NEW SECTION. **Sec. 3.** If a health carrier utilizes the services of
33 an administrator, the payment to the administrator of any premiums or
34 charges for insurance by or on behalf of the insured party shall be
35 deemed to have been received by the health carrier, and the payment of
36 return premiums or claim payments forwarded by the health carrier to
37 the administrator shall not be deemed to have been paid to the insured

1 party or claimant until such payments are received by the insured party
2 or claimant. Nothing in this section limits any right of the health
3 carrier against the administrator resulting from the failure of the
4 administrator to make payments to the health carrier, insured parties,
5 or claimants.

6 NEW SECTION. **Sec. 4.** (1) Every administrator shall maintain and
7 make available to the health carrier complete books and records of all
8 transactions performed on behalf of the health carrier. The books and
9 records shall be maintained in accordance with prudent standards of
10 insurance recordkeeping and must be maintained for a period of not less
11 than five years from the date of their creation.

12 (2) The commissioner shall have access to books and records
13 maintained by an administrator for the purposes of examination, audit,
14 and inspection. Any documents, materials, or other information in the
15 possession or control of the commissioner that are furnished by an
16 administrator, health carrier, insurance producer, or an employee or
17 agent thereof acting on behalf of the administrator, health carrier, or
18 insurance producer, or obtained by the commissioner in an investigation
19 shall be confidential by law and privileged, shall not be subject to
20 the records inspection provisions of RCW 42.17.250 through 42.17.348,
21 shall not be subject to subpoena, and shall not be subject to discovery
22 or admissible in evidence in any private civil action. However, the
23 commissioner is authorized to use such documents, materials, or other
24 information in the furtherance of any regulatory or legal action
25 brought as a part of the commissioner's official duties.

26 (3) Neither the commissioner nor any person who received documents,
27 materials, or other information while acting under the authority of the
28 commissioner shall be permitted or required to testify in any private
29 civil action concerning any confidential documents, materials, or
30 information subject to subsection (2) of this section.

31 (4) In order to assist in the performance of his or her duties, the
32 commissioner:

33 (a) May share documents, materials, or other information, including
34 the confidential and privileged documents, materials or information
35 subject to subsection (2) of this section, with other state, federal,
36 and international regulatory agencies, with the national association of
37 insurance commissioners, its affiliates or subsidiaries, and with
38 state, federal, and international law enforcement authorities, provided

1 that the recipient agrees to maintain the confidentiality and
2 privileged status of the document, material, or other information;

3 (b) May receive documents, materials, or information, including
4 otherwise confidential and privileged documents, materials, or
5 information, from the national association of insurance commissioners,
6 its affiliates or subsidiaries, and from regulatory and law enforcement
7 officials of other foreign or domestic jurisdictions, and shall
8 maintain as confidential or privileged any document, material, or
9 information received with notice or the understanding that it is
10 confidential or privileged under the laws of the jurisdiction that is
11 the source of the document, material, or information; and

12 (c) May enter into agreements governing sharing and use of
13 information consistent with this subsection.

14 (5) No waiver of any applicable privilege or claim of
15 confidentiality in the documents, materials, or information shall occur
16 as a result of disclosure to the commissioner under this section or as
17 a result of sharing as authorized in subsection (4) of this section.

18 (6) Nothing in this chapter prohibits the commissioner from
19 releasing final, adjudicated actions including for cause terminations
20 that are open to public inspection pursuant to chapter 42.17 RCW to a
21 data base or other clearinghouse service maintained by the national
22 association of insurance commissioners, its affiliates, or
23 subsidiaries.

24 (7) The health carrier shall own the records generated by the
25 administrator pertaining to the health carrier. However, the
26 administrator shall retain the right to continuing access to books and
27 records to permit the administrator to fulfill all of its contractual
28 obligations to insured parties, claimants, and the health carrier.

29 (8) In the event the health carrier and the administrator cancel
30 their agreement, notwithstanding the provisions of subsection (1) of
31 this section, the administrator may, by written agreement with the
32 health carrier, transfer all records to a new administrator rather than
33 retain them for five years. In such cases, the new administrator shall
34 acknowledge, in writing, that it is responsible for retaining the
35 records of the prior administrator as required in subsection (1) of
36 this section.

1 NEW SECTION. **Sec. 5.** An administrator may use only advertising
2 pertaining to the business underwritten by a health carrier that has
3 been approved in writing by the health carrier in advance of its use.

4 NEW SECTION. **Sec. 6.** (1) If a health carrier utilizes the
5 services of an administrator, the health carrier is responsible for
6 determining the benefits, premium rates, underwriting criteria, and
7 claims payment procedures applicable to the coverage and for securing
8 reinsurance, if any. The rules pertaining to these matters must be
9 provided, in writing, by the health carrier to the administrator. The
10 responsibilities of the administrator as to any of these matters shall
11 be set forth in the written agreement between the administrator and the
12 health carrier.

13 (2) It is the sole responsibility of the health carrier to provide
14 for competent administration of its programs.

15 (3) In cases where an administrator administers benefits for more
16 than one hundred certificate holders on behalf of a health carrier, the
17 health carrier shall, at least semiannually, conduct a review of the
18 operations of the administrator. At least one such review shall be an
19 on-site audit of the operations of the administrator.

20 NEW SECTION. **Sec. 7.** (1) All insurance charges or premium
21 collected by an administrator on behalf of or for a health carrier or
22 health carriers, and the return of premium received from that health
23 carrier or health carriers, shall be held by the administrator in a
24 fiduciary capacity. The funds shall be immediately remitted to the
25 person or persons entitled to them or shall be deposited promptly in a
26 fiduciary account established and maintained by the administrator in a
27 federally or state insured financial institution. The written
28 agreement between the administrator and the health carrier shall
29 provide for the administrator to periodically render an accounting to
30 the health carrier detailing all transactions performed by the
31 administrator pertaining to the business underwritten by the health
32 carrier.

33 (2) If charges or premium deposited in a fiduciary account have
34 been collected on behalf of or for one or more health carriers, the
35 administrator shall keep records clearly recording the deposits in and
36 withdrawals from the account on behalf of each health carrier. The
37 administrator shall keep copies of all the records and, upon request of

1 a health carrier, shall furnish the health carrier with copies of the
2 records pertaining to the deposits and withdrawals.

3 (3) The administrator shall not pay any claim by withdrawals from
4 a fiduciary account in which premium or charges are deposited.
5 Withdrawals from the account shall be made as provided in the written
6 agreement between the administrator and the health carrier. The
7 written agreement shall address, but not be limited to, the following:

8 (a) Remittance to a health carrier entitled to remittance;

9 (b) Deposit in an account maintained in the name of the health
10 carrier;

11 (c) Transfer to and deposit in a claims-paying account, with claims
12 to be paid as provided for in subsection (4) of this section;

13 (d) Payment to a group policyholder for remittance to the health
14 carrier entitled to such remittance;

15 (e) Payment to the administrator of its commissions, fees, or
16 charges; and

17 (f) Remittance of return premium to the person or persons entitled
18 to such return premium.

19 (4) All claims paid by the administrator from funds collected on
20 behalf of or for a health carrier shall be paid only on drafts or
21 checks of and as authorized by the health carrier.

22 NEW SECTION. **Sec. 8.** (1) An administrator shall not enter into an
23 agreement or understanding with a health carrier in which the effect is
24 to make the amount of the administrator's commissions, fees, or charges
25 contingent upon savings effected in the adjustment, settlement, and
26 payment of losses covered by the health carrier's obligations. This
27 provision shall not prohibit an administrator from receiving
28 performance-based compensation for providing hospital or other auditing
29 services.

30 (2) This section shall not prevent the compensation of an
31 administrator from being based on premiums or charges collected or the
32 number of claims paid or processed.

33 NEW SECTION. **Sec. 9.** (1) When the services of an administrator
34 are utilized, the administrator shall provide a written notice approved
35 by the health carrier to covered individuals advising them of the
36 identity of, and relationship among, the administrator, the
37 policyholder, and the health carrier.

1 (2) When an administrator collects funds, the reason for collection
2 of each item must be identified to the insured party and each item must
3 be shown separately from any premium. Additional charges may not be
4 made for services to the extent the services have been paid for by the
5 health carrier.

6 (3) The administrator shall disclose to the health carrier all
7 charges, fees, and commissions received from all services in connection
8 with the provision of administrative services for the health carrier,
9 including any fees or commissions paid by health carriers providing
10 reinsurance.

11 NEW SECTION. **Sec. 10.** Any policies, certificates, booklets,
12 termination notices, or other written communications delivered by the
13 health carrier to the administrator for delivery to insured parties or
14 covered individuals shall be delivered by the administrator promptly
15 after receipt of instructions from the health carrier to deliver them.

16 NEW SECTION. **Sec. 11.** (1) A person shall apply to be an
17 administrator in its home state, upon the uniform resident application
18 and shall receive a certificate of authority or license from the
19 commissioner of its home state, prior to performing any function of an
20 administrator in this state.

21 (2) The uniform resident application shall include or be
22 accompanied by the following information and documents:

23 (a) All basic organizational documents of the applicant, including
24 any articles of incorporation, articles of association, partnership
25 agreement, trade name certificate, trust agreement, shareholder
26 agreement, and other applicable documents and all amendments to such
27 documents;

28 (b) The bylaws, rules, regulations, or similar documents regulating
29 the internal affairs of the applicant;

30 (c) The names, addresses, official positions, and professional
31 qualifications of the individuals who are responsible for the conduct
32 of affairs of the applicant, including all members of the board of
33 directors, board of trustees, executive committee, or other governing
34 board or committee; the principal officers in the case of a corporation
35 or the partners or members in the case of a partnership, association,
36 or limited liability company; any shareholder or member holding
37 directly or indirectly ten percent or more of the voting stock, voting

1 securities, or voting interest of the applicant; and any other person
2 who exercises control or influence over the affairs of the applicant;

3 (d) Annual financial statements or reports, certified by an officer
4 of the applicant and prepared in accordance with generally accepted
5 accounting principles, for the two most recent fiscal years which prove
6 that the applicant has a positive net worth. If the applicant has
7 been in existence for less than two fiscal years, the uniform resident
8 application shall include financial statements or reports, certified by
9 an officer of the applicant and prepared in accordance with generally
10 accepted accounting principles, for any completed fiscal years, and for
11 any month during the current fiscal year for which such financial
12 statements or reports have been completed. The applicant shall also
13 include such other information as the commissioner may require in order
14 to review the current financial condition of the applicant;

15 (e) A statement describing the business plan including information
16 on staffing levels and activities proposed in this state and
17 nationwide. The plan must provide details setting forth the
18 applicant's capability for providing a sufficient number of experienced
19 and qualified personnel in the areas of claims processing,
20 recordkeeping, and underwriting; and

21 (f) Such other pertinent information as may be required by the
22 commissioner.

23 (3) An administrator licensed or applying for licensure under this
24 section shall make available for inspection by the commissioner copies
25 of all contracts with health carriers or other persons utilizing the
26 services of the administrator.

27 (4) An administrator licensed or applying for licensure under this
28 section shall produce its accounts, records, and files for examination,
29 and make its officers available to give information with respect to its
30 affairs, as often as reasonably required by the commissioner.

31 (5) The commissioner may refuse to issue a certificate of authority
32 or license if the commissioner determines that the administrator, or
33 any individual responsible for the conduct of affairs of the
34 administrator is not competent, trustworthy, financially responsible,
35 or of good personal and business reputation, or has had an insurance or
36 an administrator certificate of authority or license denied or revoked
37 for cause by any jurisdiction, or if the commissioner determines that
38 any of the grounds set forth in section 14 of this act exists with
39 respect to the administrator.

1 (6) A certificate of authority or license issued under this section
2 shall remain valid, unless surrendered, suspended, or revoked by the
3 commissioner, for so long as the administrator remains in compliance
4 with this chapter.

5 (7) A person is not required to hold either a home state or
6 nonresident certificate of authority or license as an administrator in
7 this state if the person exclusively provides services to one or more
8 bona fide employee benefit plans each of which is established by an
9 employer or an employee organization, or both, and for which the
10 insurance laws of this state are preempted pursuant to the employee
11 retirement income security act of 1974. These persons shall register
12 with the commissioner annually, verifying their status as herein
13 described.

14 (8) An administrator licensed or applying for licensure under this
15 section shall immediately notify the commissioner of any material
16 change in its ownership, control, or other fact or circumstance
17 affecting its qualification for a certificate of authority or license
18 in this state.

19 NEW SECTION. **Sec. 12.** (1) Unless an administrator has obtained a
20 home state certificate of authority or license in this state under
21 section 11 of this act, any administrator who performs administrator
22 duties in this state shall obtain a nonresident administrator
23 certificate of authority or license in accordance with this section by
24 filing with the commissioner the uniform nonresident application,
25 accompanied by a letter of certification. In lieu of requiring an
26 administrator to file a letter of certification with the uniform
27 nonresident application, the commissioner may verify the nonresident
28 administrator's home state certificate of authority or license status
29 through an electronic data base maintained by the national association
30 of insurance commissioners, its affiliates, or subsidiaries.

31 (2) An administrator shall not be eligible for a nonresident
32 administrator certificate of authority or license under this section if
33 it does not hold a certificate of authority as a resident in a home
34 state that has adopted this chapter or a substantially similar law
35 governing administrators.

36 (3) Except as provided in subsections (2) and (8) of this section,
37 the commissioner shall issue to the administrator a nonresident

1 administrator certificate of authority or license promptly upon receipt
2 of a complete application.

3 (4) Unless notified by the commissioner that the commissioner is
4 able to verify the nonresident administrator's home state certificate
5 of authority or license status through an electronic data base
6 maintained by the national association of insurance commissioners, its
7 affiliates, or subsidiaries, each nonresident administrator shall
8 annually file a statement that its home state administrator certificate
9 of authority or license remains in force and has not been revoked or
10 suspended by its home state during the preceding year.

11 (5) At the time of filing the statement required under subsection
12 (4) of this section or, if the commissioner has notified the
13 nonresident administrator that the commissioner is able to verify the
14 nonresident administrator's home state certificate of authority or
15 license status through an electronic data base, on an annual date
16 determined by the commissioner, the nonresident administrator shall pay
17 a filing fee as required by the commissioner.

18 (6) An administrator licensed or applying for licensure under this
19 section shall produce its accounts, records, and files for examination,
20 and make its officers available to give information with respect to its
21 affairs, as often as reasonably required by the commissioner.

22 (7) A nonresident administrator is not required to hold a
23 nonresident administrator certificate of authority or license in this
24 state if the administrator's duties in this state are limited to the
25 administration of a group policy or plan of insurance and the lesser of
26 five percent or one hundred certificate holders under the group policy
27 or plan of insurance reside in this state.

28 (8) The commissioner may refuse to issue a nonresident
29 administrator certificate of authority or license, or delay the
30 issuance of a nonresident administrator certificate of authority or
31 license, if the commissioner determines that, due to events or
32 information obtained subsequent to the home state's licensure of the
33 administrator, the nonresident administrator cannot satisfy the
34 requirements of this chapter, or that grounds exist for the home
35 state's revocation or suspension of the administrator's home state
36 certificate of authority or license. In such an event, the
37 commissioner shall give written notice of its determination to the
38 commissioner of the home state, and the commissioner may delay the
39 issuance of a nonresident administrator certificate of authority to the

1 nonresident administrator until such time, if at all, the commissioner
2 determines that the administrator can satisfy the requirements of this
3 chapter and that no grounds exist for the home state's revocation or
4 suspension of the administrator's home state certificate of authority
5 or license.

6 NEW SECTION. **Sec. 13.** (1) Each administrator licensed under
7 section 11 of this act shall file an annual report for the preceding
8 calendar year with the commissioner on or before July 1st of each year,
9 or within such extension of time therefor as the commissioner for good
10 cause may grant. The report shall be in the form and contain such
11 matters as the commissioner prescribes and shall be verified by at
12 least two officers of the administrator.

13 (2) The annual report shall include the complete names and
14 addresses of all health carriers with which the administrator had an
15 agreement during the preceding fiscal year.

16 (3) At the time of filing its annual report, the administrator
17 shall pay a filing fee as required by the commissioner.

18 (4) The commissioner shall review the most recently filed annual
19 report of each administrator, on or before September 1st of each year.
20 Upon completion of its review, the commissioner shall either:

21 (a) Issue a certification to the administrator that the annual
22 report shows that the administrator is solvent and in compliance with
23 existing law, or noting any deficiencies found in such annual report;
24 or

25 (b) Update any electronic data base maintained by the national
26 association of insurance commissioners, its affiliates, or
27 subsidiaries, indicating that the annual report shows that the
28 administrator is solvent and in compliance with existing law, or noting
29 any deficiencies found in such annual report.

30 NEW SECTION. **Sec. 14.** (1) The certificate of authority or license
31 of an administrator shall be denied, suspended, or revoked if the
32 commissioner finds that the administrator:

33 (a) Is in an unsound financial condition;

34 (b) Is using such methods or practices in the conduct of its
35 business so as to render its further transaction of business in this
36 state hazardous or injurious to insured persons or the public; or

1 (c) Has failed to pay any judgment rendered against it in this
2 state within sixty days after the judgment has become final.

3 (2) The commissioner may, in his or her discretion, deny, suspend,
4 or revoke the certificate of authority or license of an administrator
5 if the commissioner finds that the administrator:

6 (a) Has violated any lawful rule or order of the commissioner or
7 any provision of the insurance laws of this state;

8 (b) Has refused to be examined or to produce its accounts, records,
9 and files for examination, or if any of its officers has refused to
10 give information with respect to its affairs or has refused to perform
11 any other legal obligation as to an examination, when required by the
12 commissioner;

13 (c) Has, without just cause, refused to pay proper claims or
14 perform services arising under its contracts or has, without just
15 cause, caused covered individuals to accept less than the amount due
16 them or caused covered individuals to employ attorneys or bring suit
17 against the administrator to secure full payment or settlement of such
18 claims;

19 (d) At any time fails to meet any qualification for which issuance
20 of the certificate could have been refused had such failure then
21 existed and been known to the commissioner;

22 (e) Has had any of its principal directors or officers convicted
23 of, or has entered a plea of guilty or nolo contendere to, a felony
24 without regard to whether adjudication was withheld;

25 (f) Is under suspension or revocation in another state; or

26 (g) Has failed to timely file its annual report pursuant to section
27 13 of this act, if a resident administrator, or its statement and
28 filing fee, as applicable, pursuant to section 12 (4) and (5) of this
29 act, if a nonresident administrator.

30 (3) The commissioner may, in his or her discretion and without
31 advance notice or hearing, immediately suspend the certificate of
32 authority or license of an administrator if the commissioner finds that
33 one or more of the following circumstances exist:

34 (a) The administrator is insolvent or impaired;

35 (b) A proceeding for receivership, conservatorship, rehabilitation,
36 or other delinquency proceeding regarding the administrator has been
37 commenced in any state; or

1 (c) The financial condition or business practices of the
2 administrator otherwise pose an imminent threat to the public health,
3 safety, or welfare of the residents of this state.

4 (4) If the commissioner finds that one or more grounds exist for
5 the suspension or revocation of a certificate of authority or license
6 issued under this section, the commissioner may, in lieu of suspension
7 or revocation, impose a fine upon the administrator.

8 NEW SECTION. **Sec. 15.** Sections 1 through 14 of this act
9 constitute a new chapter in Title 48 RCW.

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