
HOUSE BILL 2224

State of Washington

57th Legislature

2001 Regular Session

By Representatives Benson and Hatfield

Read first time 03/19/2001. Referred to Committee on Financial Institutions & Insurance.

1 AN ACT Relating to licensing specialty producers of certain
2 lines of insurance; amending RCW 48.17.060; adding new sections to
3 chapter 48.17 RCW; and prescribing penalties.

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

5 **Sec. 1.** RCW 48.17.060 and 1995 c 214 s 1 are each amended to read
6 as follows:

7 (1) (~~No~~) A person (~~shall~~) in this state shall not act as or
8 hold himself or herself out to be an agent, broker, solicitor,
9 specialty producer, or adjuster unless then licensed therefor by
10 this state.

11 (2) (~~No~~) An agent, solicitor, or broker shall not solicit or
12 take applications for, procure, or place for others any kind of
13 insurance for which he or she is not then licensed.

14 (3) This section shall not apply with respect to any person
15 securing and forwarding information required for the purposes of
16 group credit life and credit disability insurance or credit
17 casualty insurance against loss or damage resulting from failure
18 of debtors to pay their obligations in connection with an

1 extension of credit and such other credit life and disability
2 insurance or credit casualty insurance against loss or damage
3 resulting from failure of debtors to pay their obligations as the
4 commissioner shall determine, and where no commission or other
5 compensation is payable on account of the securing and forwarding
6 of such information. However, the reimbursement of a creditor's
7 actual expenses for securing and forwarding information required
8 for the purposes of such group insurance shall not be considered a
9 commission or other compensation if such reimbursement does not
10 exceed three dollars per certificate issued, or in the case of a
11 monthly premium plan extending beyond twelve months, not to exceed
12 three dollars per loan transaction revision per year.

13 (4) Any person violating this section shall be liable to a fine
14 of not to exceed five hundred dollars and imprisonment for not to
15 exceed six months for each instance of such violation.

16 NEW SECTION. **Sec. 2.** A new section is added to chapter 48.17
17 RCW to read as follows:

18 (1) The commissioner shall issue to a person qualified under
19 this section a license to act as a specialty insurance producer
20 for one or more of the following lines of insurance only: Credit
21 life, credit accident and health, credit involuntary unemployment,
22 credit property, or any other form of credit-related insurance
23 approved by the commissioner. This section specifically permits the
24 sale of both group and individual insurance, in both single and
25 joint coverages, where applicable. A licensee under this section
26 may receive commissions or other compensation for services
27 rendered in connection with the sale of credit insurance.

28 (2) For a specialty license to be issued under this section,
29 the applicant must submit to the commissioner all of the
30 following:

31 (a) A written application, signed by the applicant or where the
32 applicant is not an individual by an authorized representative, on
33 a form prescribed by the commissioner. However, unless the
34 applicant is an individual, personal information regarding or
35 related to individuals shall not be required;

36 (b) A list of the physical locations where activities
37 authorized by this section will be conducted;

1 (c) If the applicant seeks to be licensed under a trade name,
2 proof satisfactory to the commissioner that the trade name has
3 been lawfully registered; and

4 (d) The applicable fee set by the commissioner.

5 (3) Except as provided in this section, an applicant for a
6 license under this section shall be exempt from any prelicensing
7 education, written examination, or continuing education
8 requirements, and shall not be required to license any of its
9 officers, directors, or employees individually. An insurer's
10 appointment shall not be required to obtain a license under this
11 section.

12 (4) The specialty producer license shall be available equally
13 to residents and nonresidents, provided that if the laws or
14 regulations of another state would not reasonably permit a
15 licensed resident of this state to obtain an equivalent
16 nonresident license, then residents of that state shall not be
17 permitted to obtain specialty producer licenses as nonresidents
18 under this section.

19 (5) A specialty producer may not in any manner advertise,
20 represent, or otherwise hold out the licensee or any employee or
21 representative of the licensee as a licensed insurance agent under
22 another section of this chapter, unless the entity or individual
23 actually holds the applicable license.

24 (6) If a specialty producer violates this section or commits an
25 unfair trade practice or fraud as defined in this title, the
26 commissioner may, in accordance with applicable notice and hearing
27 requirements, impose any penalties the commissioner considers
28 necessary or appropriate to implement the purposes of this
29 section, including but not limited to placing the licensee on
30 probation, assessing an administrative penalty against the
31 licensee, reprimanding the licensee, suspending the transaction of
32 insurance at specific locations where a violation of this section
33 has occurred, or other penalty permitted under RCW 48.17.530.

34 (7) Except as provided in this section, a specialty producer is
35 not subject to this chapter.

36 NEW SECTION. **Sec. 3.** A new section is added to chapter 48.17
37 RCW to read as follows:

1 A specialty producer license issued under section 2 of this act
2 authorizes an employee or other representative of the licensee to
3 participate in any aspect of selling the types of insurance for
4 which the licensee has been authorized by the commissioner,
5 without being licensed, registered, or otherwise individually
6 identified, provided that all of the following applies:

7 (1) The employee or representative operates with permission
8 from and under the supervision of the licensee;

9 (2) The employee or representative has been instructed by the
10 licensee with respect to the disclosures which may be required to
11 be made to consumers in connection with the sale of credit
12 insurance; and

13 (3) The employee or representative is not primarily compensated
14 based on the amount of insurance sold by the employee or
15 representative.

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