

SENATE BILL REPORT

SB 6181

As Reported By Senate Committee On:
Financial Institutions, Housing & Consumer Protection, January 17, 2006

Title: An act relating to the compensation paid by an insurer to an insurance broker.

Brief Description: Regulating the compensation paid by an insurer to an insurance broker.

Sponsors: Senator Fairley; by request of Insurance Commissioner.

Brief History:

Committee Activity: Financial Institutions, Housing & Consumer Protection: 1/11/06, 1/17/06 [DPS].

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, HOUSING & CONSUMER PROTECTION

Majority Report: That Substitute Senate Bill No. 6181 be substituted therefor, and the substitute bill do pass.

Signed by Senators Fairley, Chair; Berkey, Vice Chair; Benton, Ranking Minority Member; Benson, Brandland, Finkbeiner, Franklin, Keiser, Schmidt and Spanel.

Staff: Joanne Conrad (786-7472)

Background: State law specifies the types of compensation that can be paid by an insurer to insurance agents licensed as brokers regarding property and casualty insurance. Types of compensation include commissions, fees, or a combination thereof.

Summary of Substitute Bill: Statutorily-permissible types of insurance agent compensation apply to all insurance, not just property and casualty.

Substitute Bill Compared to Original Bill: The statutory definition of "insurer" expressly includes "health care service contractors" and "health maintenance organizations."

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

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

Testimony For: Nationally, criminal activity within the insurance industry regarding fees has been known to be a problem. The National Association of Insurance Commissioners promotes the clarification of fee and commission arrangements in statute. Disclosure is beneficial for consumers.

Testimony Against: None.

Who Testified: PRO: Mary Clogston, OIC; Mel Sorensen, WA Assoc. Of Health Underwriters & NAI; Ken Bertrad, Group Health.

CON: No one.