
SUBSTITUTE HOUSE BILL 2405

State of Washington

59th Legislature

2006 Regular Session

By House Committee on Financial Institutions & Insurance (originally sponsored by Representatives Kirby and Roach; by request of Insurance Commissioner)

READ FIRST TIME 01/16/06.

1 AN ACT Relating to the compensation paid by an insurer to an
2 insurance broker; and amending RCW 48.17.270.

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

4 **Sec. 1.** RCW 48.17.270 and 1994 c 203 s 1 are each amended to read
5 as follows:

6 (1) A licensed agent may be licensed as a broker and be a broker as
7 to insurers for which the licensee is not then appointed as agent. A
8 licensed broker may be licensed as and be an agent as to insurers
9 appointing such agent. The sole relationship between a broker and an
10 insurer as to which the licensee is appointed as an agent shall, as to
11 transactions arising during the existence of such agency appointment,
12 be that of insurer and agent.

13 (2) Unless the agency-insurer agreement provides to the contrary,
14 an insurance agent licensed as a broker may(~~(, with respect to property~~
15 ~~and casualty insurance,)) receive the following compensation:~~

16 (a) A commission paid by the insurer;

17 (b) A fee paid by the insured; or

18 (c) A combination of commission paid by the insurer and a fee paid

1 by the insured from which a broker may offset or reimburse the insured
2 for all or part of the fee.

3 If the compensation received by an agent who is also licensed as a
4 broker and who is dealing directly with the insured includes a fee, the
5 full amount of compensation, including an explanation of any offset or
6 reimbursement, must be disclosed in writing, signed by the broker and
7 the insured, and the writing must be retained by the broker for not
8 less than five years.

9 (3) For purposes of this section, "insurer" includes an insurer
10 authorized under chapter 48.05 RCW, a health care service contractor
11 registered under chapter 48.44 RCW, and a health maintenance
12 organization under chapter 48.46 RCW. "Insured" means the
13 policyholder.

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