
**Financial Institutions & Insurance
Committee**

HB 3060

Brief Description: Modifying surplus line coverage provisions.

Sponsors: Representatives Simpson and Kirby.

Brief Summary of Bill

- Allows certain documents required of a surplus lines broker to be completed in electronic, digital, or other format or form as designated by the Insurance Commissioner.
- Requires an oath from a surplus lines broker. If the oath is violated, the surplus lines broker has committed perjury.

Hearing Date: 1/26/10

Staff: Jon Hedegard (786-7127).

Background:

Under insurance statutes, if coverage cannot be purchased from an authorized insurer, the coverage may be purchased from an unauthorized insurer through a licensed surplus lines broker only if:

- a diligent effort is made to find the coverage from authorized insurers; and
- the purpose for using an unauthorized insurer is something other than securing a lower premium rate than would be accepted by any authorized insurer.

The surplus lines broker must execute an affidavit setting forth the facts regarding the diligent effort and the purpose for using an unauthorized insurer when insurance is purchased from an unauthorized insurer. The affidavit must be filed with the Insurance Commissioner (Commissioner) within 30 days after the purchase of the insurance.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Licensing requirements regarding surplus line brokers include:

- background checks, including fingerprints;
- minimum bonding amounts;
- record-keeping; and
- reporting.

Chapter 9A.72 RCW addresses perjury and interference with official proceedings. Penalties for the violation of an oath under chapter 9A.72 RCW can range from a gross misdemeanor to a Class B felony.

Summary of Bill:

The word "affidavit" is replaced by "declaration." The declaration may be in electronic, digital, or other format or form as designated by the Commissioner. There is specific language that is required in the declaration requiring the surplus lines broker to "certify (or declare) under penalty of perjury" that the information is true and correct.

A declaration constitutes an oath required or authorized by law under chapter 9A.72 RCW. If the oath is violated because the information is not true and correct, the surplus lines broker has committed perjury.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.