

FINAL BILL REPORT

SSB 6251

C 18 L 10
Synopsis as Enacted

Brief Description: Concerning nonresident surplus line brokers and insurance producers.

Sponsors: Senate Committee on Financial Institutions, Housing & Insurance (originally sponsored by Senator Benton; by request of Insurance Commissioner).

Senate Committee on Financial Institutions, Housing & Insurance
House Committee on Financial Institutions & Insurance

Background: A surplus line insurer is an insurance company that does not have a certificate of authority issued by the Insurance Commissioner to transact business in the state and may only operate under certain rules, specified by statute. The insurance offered by a surplus line broker must be of a type that is not available from authorized insurers, and the broker who sells this insurance must be licensed as a surplus line broker.

Applicants for licensure as resident and nonresident surplus line brokers and as resident and nonresident insurance producers must submit fingerprints as evidence of identity. However, the commissioner must waive both the license application requirements and fingerprinting requirements for nonresident insurance producers when the nonresident applicant has a valid license in another state, if the other state has application requirements of the same basis and also requires fingerprinting. The commissioner must also waive fingerprinting on the same basis for surplus line brokers.

Some of the same provisions applying both to resident and nonresident surplus line brokers are the expiration of the license if it is not timely renewed; the length of time for which the license is valid; and the request and fee for renewal of the license. These provisions for nonresident surplus line brokers are referenced to the statute applying to resident surplus line brokers. The statute referenced references a third statute for the fee for renewal.

The nonresident surplus line broker must appoint the commissioner for service of legal process. Details of the accomplishment and processing of legal process are specified.

The nonresident producer and title insurance agent must appoint the commissioner as attorney to receive service of legal process. But for stylistic differences, both (1) the nonresident producer and title agent, and (2) the nonresident surplus line broker have the same details of the accomplishment and processing of legal process.

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.

Licensed insurance producers have bonding requirements.

Summary: The licensing requirements for resident surplus line brokers are clarified to be specifically for resident surplus line brokers. The employer of any resident surplus line broker is broadened to include business entities other than firms or corporations.

The requirements for licensure of nonresident surplus line brokers do not include fingerprinting or bonding. Rather than referencing the requirements for the expiration of the license if it is not timely renewed and the length of time for which the license is valid, those provisions from the resident surplus line broker provisions are copied into the same nonresident provisions. The reference to the resident surplus line broker provisions for the fee for renewal is retained.

By virtue of applying for and receiving a license as a nonresident surplus line broker, the broker is deemed to have appointed the commissioner as the broker's agent for service of process. Any successors in interest to the surplus line broker are also bound by this appointment. The details of service of legal process are deleted with reference instead made to a general provision for service of process.

A general provision for accomplishment and processing of legal process is created. But for stylistic differences, it is the same as the requirements for (1) the nonresident producer and (2) the nonresident surplus line broker, except that no return receipt is required if the service is forwarded by mail; forwarding by electronic means is allowed.

Reciprocity provisions for applicants for nonresident insurance producer licenses are clarified.

The title insurance business must designate an individual officer to be responsible for the business's compliance with the insurance code.

Votes on Final Passage:

Senate	46	0
House	96	0

Effective: July 26, 2010