
Business & Financial Services Committee

HB 1865

Brief Description: Addressing the handling of claims associated with products issued under specialty producer licenses.

Sponsors: Representatives Kirby and Bailey.

Brief Summary of Bill

- Allows certain persons who meet specific criteria to adjust specialty producer insurance claims without an adjuster license.
- Modifies reciprocity provisions for Canadian adjusters.

Hearing Date:

Staff: Jon Hedegard (786-7127).

Background:

Adjusters.

An adjuster is a person who is compensated for investigating or reporting on claims arising under insurance contracts on the sole behalf of either the insurer or the insured. An "independent adjuster" is an adjuster who represents the interests of the insurer. A "public adjuster" means an adjuster who represents the financial interests of the insured named in the policy.

A person may not hold themselves out to be an adjuster unless licensed by the Office of the Insurance Commissioner (OIC) or otherwise authorized under law to act as an adjuster.

Adjusters have to undergo background checks in the licensing process. Non-resident adjusters who are licensed in another state may receive reciprocity in this state.

Specialty Producers.

A retailer or "vendor" must be licensed by the OIC if the vendor wants to offer or sell insurance products related to communications equipment. "Communications equipment" includes cell phones, pagers, portable computers, and myriad other devices designed to originate or receive

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communications signals. A specialty producer license allows the vendor and the employees or authorized representatives of the vendor to sell or offer insurance related to the communications equipment. Before a license may be issued to a vendor, the vendor must be appointed as the agent of an authorized insurer. The vendor must affiliate with a licensed insurance agent, who must supervise a training program for the vendor's employees. A vendor selling the communications equipment insurance must provide prospective customers with written materials disclosing the terms of the insurance.

The OIC may adopt rules regarding specialty producers, including, but not limited to, rules regarding:

- the specialty producer license application process;
- the standards for approval and the required content of written materials;
- the approval and required content of training materials;
- license fees;
- requirements for the remittance of premium funds to the supervising agent under authority from the program insurer; and
- the applicability of other provisions of the Insurance Code.

Summary of Bill:

An entity may be licensed as an adjuster. The executive officers and directors of an entity must provide necessary information for the background check required for adjusters.

For the purpose of claims regarding products sold by a licensed specialty producer, a person is not an "adjuster" if the person is one of less than 25 employees under the supervision of a licensed independent adjuster or its affiliate and the person only:

- collects claim information from insureds or claimants;
- furnishes claim information to insureds or claimants; and
- conducts data entry, including entering data into an automated claims adjudication system.

An "automated claims adjudication system" is defined as a preprogrammed computer system designed for the collection data entry, calculation, and final resolution of property insurance claims which:

- is only utilized by a licensed independent adjuster, licensed agent, or an employee meeting the applicable criteria;
- complies with all unfair claims payment provisions in the Insurance Code; and
- is certified as compliant by a licensed independent adjuster that is an officer of a business entity licensed as an adjuster.

No resident of Canada may be licensed as a nonresident independent adjuster unless the Canadian resident has obtained a resident or home state independent adjuster license. A Canadian resident may be licensed under this section or may designate this state as their home state if the Canadian resident has successfully passed the adjuster examination and has complied with other applicable laws.

Appropriation: None.

Fiscal Note: Available.

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