
Business & Financial Services Committee

HB 1761

Brief Description: Addressing insurance producers, insurers, and title insurance agents activities with customers and potential customers.

Sponsors: Representatives Stanford, Vick, Kirby, Parker, Ryu, G. Hunt, Blake, Santos and Hurst.

Brief Summary of Bill

- Increases the threshold limit of the value of noncontractual goods and wares that insurers may provide to insureds or prospective insureds from \$25 to \$100.
- Permits insurers to sponsor or make contributions to nonprofit corporations, provided there is no condition that the entity must apply for or purchase insurance.
- Requires the Office of the Insurance Commissioner to adjust the threshold limits of the value of permissible goods and wares according to inflation, beginning July 1, 2020, and every five years thereafter.

Hearing Date: 2/13/15

Staff: Linda Merelle (786-7092).

Background:

Insurers, insurance producers, and title insurance agents (Insurers) have limitations regarding noncontractual benefits that they may offer current or prospective insureds. They may, however, as part of an advertising campaign or promotional program offer prizes, goods, wares, or other merchandise not exceeding \$25 in value, per person, in any 12-month period. Any goods or wares must be given to all insureds or prospective insureds under similar qualifying circumstances.

An "insurer" means every person engaged in the business of making contracts of insurance, other than a fraternal benefit society, which is a nonprofit incorporated society conducted for the benefit of its members and their beneficiaries. An "insurance producer" is a person licensed to

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sell, solicit, or negotiate insurance. A "title insurance agent" is a licensed business entity appointed by an authorized title insurance company to sell, solicit, or negotiate insurance on behalf of the title insurance company.

Insurers are prohibited from providing or offering to provide inducements to insureds, or prospective insureds, any shares of stock or other securities or any kind of contract or agreement providing for or promising profits or special returns or dividends. These prohibitions do not apply to certain sales or purchases of securities, and do not prohibit health carriers or disability insurers from providing a wellness program as part of an individual or group benefit plan. Any wellness program must not discriminate based on any health factor.

Summary of Bill:

Increase in Value.

In addition to other goods, wares, or merchandise permitted under current law, insurers may offer gift cards and gift certificates. The threshold limit of the value on these items is increased from \$25 to \$100.

Payments for Referrals.

An insurance producer may give to an individual goods, wares, gift cards and gift certificates, or merchandise not exceeding \$25 in value per referral to the insurance producer. The goods or wares must not be conditioned on the premise that the person referred applies for or obtains insurance through the insurance producer.

The payment for a referral must not be in the form of cash, currency, bills, coins, check, or money order. These authorized payments for referrals are exempt from the provisions regarding limitations on offers of goods or benefits to insureds or prospective insureds.

Sponsorship or Contributions.

An insurance producer may sponsor events for or make contributions to nonprofit organizations if the sponsorship or contribution is not conditioned upon the organization either applying for or obtaining insurance through the producer. There are no limits placed on the value or kind of sponsorship or contribution, and they are exempt from the provisions regarding limitations on the offers of goods or benefits made to insureds or prospective insureds.

Consumer Price Index.

Beginning July 1, 2020, the dollar thresholds for all allowed gifts, goods, or wares, as provided in this act, must be adjusted for inflation by the Office of the Insurance Commissioner (Commissioner) every five years. The adjustment must be based on changes in the annual average Consumer Price Index for the Seattle Urban area. At least 30 days before the newly calculated dollar threshold takes effect, the Commissioner must transmit the information to the Code Reviser for publication in the Washington State Register.

Appropriation: None.

Fiscal Note: Available.

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