

# SENATE BILL REPORT

## ESHB 1761

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As of March 16, 2015

**Title:** An act relating to insurance producers, insurers, and title insurance agents activities with customers and potential customers.

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

**Sponsors:** House Committee on Business & Financial Services (originally sponsored by Representatives Stanford, Vick, Kirby, Parker, Ryu, G. Hunt, Blake, Santos and Hurst).

**Brief History:** Passed House: 3/10/15, 98-0.

**Committee Activity:** Financial Institutions & Insurance: 3/19/15.

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### SENATE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

**Staff:** Susan Jones (786-7404)

**Background:** Rebating. No insurer, insurance producer, or title insurance agent may, as an inducement for the sale of insurance, offer or pay to the insured or the insured's employee, any rebate, reduction of premium, commission, or any other valuable consideration not expressly provided for in the policy. The prohibition does not apply to advertising or promotional programs conducted by insurers, producers, or agents giving prizes, goods, wares, or merchandise, not exceeding \$25 in value per person in any 12-month period, to all insureds or prospective insureds under similar qualifying circumstances.

Illegal Inducements. No insurer, insurance producer, title insurance agent, or other person, as an inducement for the sale of insurance, may provide in any policy for, offer, sell, buy, offer or promise to buy or give, promise, or allow to or on behalf of, the insured or prospective insured: (1) any shares of stock or other securities; (2) certain contracts or other agreements; or (3) any prizes, goods, wares, or merchandise exceeding \$25 in value.

There are other exceptions to the prohibitions.

**Summary of Bill:** Gift cards and gift certificates are added to the items that may be given to insureds or prospective insureds under limited circumstances. The limit on the value of the prizes, goods, wares, gift cards, gift certificates, or merchandise is increased to \$100. The

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provision allowing these items up to \$100 in value as insurance rebates and inducements is not applicable to title insurers or title agents.

Insurance producers may give prizes, goods, wares, gift cards, gift certificates, or merchandise not exceeding \$100 in value per person in any consecutive 12-month period for the referral of insurance business if the gift is not conditioned upon the person referred applying for or obtaining insurance.

Insurance producers may pay referral fees conditioned on the referred person submitting an application provided the referring person is not an insured or prospective insured and does not sell, solicit, or negotiate insurance.

Insurance producers may sponsor charitable and nonprofit organizations' events or make contributions not conditioned on the organization applying for or obtaining insurance. Nonprofit organizations are defined.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.