

FINAL BILL REPORT

ESSB 5743

C 272 L 15
Synopsis as Enacted

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

Sponsors: Senate Committee on Financial Institutions & Insurance (originally sponsored by Senators Fain, Hobbs, Benton, Mullet and Angel).

Senate Committee on Financial Institutions & Insurance
House Committee on Business & Financial Services

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 or offer to provide: (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: 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 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.

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.

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 organizations' events or make contributions not conditioned on the organization applying for or obtaining insurance. Nonprofit organizations are defined.

Votes on Final Passage:

Senate	48	1
House	97	0

Effective: July 24, 2015