
SUBSTITUTE HOUSE BILL 1761

State of Washington

64th Legislature

2015 Regular Session

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

READ FIRST TIME 02/20/15.

1 AN ACT Relating to insurance producers, insurers, and title
2 insurance agents activities with customers and potential customers;
3 amending RCW 48.30.140 and 48.30.150; and adding new sections to
4 chapter 48.30 RCW.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 **Sec. 1.** RCW 48.30.140 and 2009 c 329 s 1 are each amended to
7 read as follows:

8 (1) Except to the extent provided for in an applicable filing
9 with the commissioner then in effect, no insurer, insurance producer,
10 or title insurance agent shall, as an inducement to insurance, or
11 after insurance has been effected, directly or indirectly, offer,
12 promise, allow, give, set off, or pay to the insured or to any
13 employee of the insured, any rebate, discount, abatement, or
14 reduction of premium or any part thereof named in any insurance
15 contract, or any commission thereon, or earnings, profits, dividends,
16 or other benefit, or any other valuable consideration or inducement
17 whatsoever which is not expressly provided for in the policy.

18 (2) Subsection (1) of this section shall not apply as to
19 commissions paid to a licensed insurance producer, or title insurance
20 agent for insurance placed on that person's own property or risks.

1 (3) This section shall not apply to the allowance by any marine
2 insurer, or marine insurance producer, to any insured, in connection
3 with marine insurance, of such discount as is sanctioned by custom
4 among marine insurers as being additional to the insurance producer's
5 commission.

6 (4) This section shall not apply to advertising or promotional
7 programs conducted by insurers(~~(7)~~) or insurance producers, (~~(or~~
8 ~~title insurance agents)~~) whereby prizes, goods, wares, gift cards,
9 gift certificates, or merchandise, not exceeding (~~(twenty-five)~~) one
10 hundred dollars in value per person in the aggregate in any twelve
11 month period, are given to all insureds or prospective insureds under
12 similar qualifying circumstances. This subsection does not apply to
13 title insurers or title insurance agents.

14 (5) This section does not apply to an offset or reimbursement of
15 all or part of a fee paid to an insurance producer as provided in RCW
16 48.17.270.

17 (6)(a) Subsection (1) of this section shall not be construed to
18 prohibit a health carrier or disability insurer from including as
19 part of a group or individual health benefit plan or contract
20 containing health benefits, a wellness program which meets the
21 requirements for an exception from the prohibition against
22 discrimination based on a health factor under the health insurance
23 portability and accountability act (P.L. 104-191; 110 Stat. 1936) and
24 regulations adopted pursuant to that act.

25 (b) For purposes of this subsection: (i) "Health carrier" and
26 "health benefit plan" have the same meaning as provided in RCW
27 48.43.005; and (ii) "wellness program" has the same meaning as
28 provided in 45 C.F.R. 146.121(f).

29 (7) The dollar threshold established in subsection (4) of this
30 section must be adjusted for inflation by the office of the insurance
31 commissioner every five years, beginning July 1, 2020, based upon
32 changes in the consumer price index during that time period.
33 "Consumer price index" means, for any calendar year, that year's
34 annual average consumer price index - Seattle, Washington area for
35 urban wage earners and clerical workers, all items, compiled by the
36 bureau of labor statistics, United States department of labor. The
37 office of the insurance commissioner must calculate the new dollar
38 threshold and transmit it to the office of the code reviser for
39 publication in the Washington State Register at least one month
40 before the new dollar threshold is to take effect.

1 **Sec. 2.** RCW 48.30.150 and 2009 c 329 s 2 are each amended to
2 read as follows:

3 (1) No insurer, insurance producer, title insurance agent, or
4 other person shall, as an inducement to insurance, or in connection
5 with any insurance transaction, provide in any policy for, or offer,
6 or sell, buy, or offer or promise to buy or give, or promise, or
7 allow to, or on behalf of, the insured or prospective insured in any
8 manner whatsoever:

9 (a) Any shares of stock or other securities issued or at any time
10 to be issued on any interest therein or rights thereto; or

11 (b) Any special advisory board contract, or other contract,
12 agreement, or understanding of any kind, offering, providing for, or
13 promising any profits or special returns or special dividends; or

14 (c) Any prizes, goods, wares, gift cards, gift certificates, or
15 merchandise of an aggregate value in excess of (~~twenty-five~~) one
16 hundred dollars. This subsection does not apply to title insurers or
17 title insurance agents.

18 (2) Subsection (1) of this section shall not be deemed to
19 prohibit the sale or purchase of securities as a condition to or in
20 connection with surety insurance insuring the performance of an
21 obligation as part of a plan of financing found by the commissioner
22 to be designed and operated in good faith primarily for the purpose
23 of such financing, nor shall it be deemed to prohibit the sale of
24 redeemable securities of a registered investment company in the same
25 transaction in which life insurance is sold.

26 (3)(a) Subsection (1) of this section shall not be deemed to
27 prohibit a health carrier or disability insurer from including as
28 part of a group or individual health benefit plan or contract
29 providing health benefits, a wellness program which meets the
30 requirements for an exception from the prohibition against
31 discrimination based on a health factor under the health insurance
32 portability and accountability act (P.L. 104-191; 110 Stat. 1936) and
33 regulations adopted pursuant to that act.

34 (b) For purposes of this subsection: (i) "Health carrier" and
35 "health benefit plan" have the same meaning as provided in RCW
36 48.43.005; and (ii) "wellness program" has the same meaning as
37 provided in 45 C.F.R. 146.121(f).

38 (4) The dollar threshold established in subsection (1)(c) of this
39 section must be adjusted for inflation by the office of the insurance
40 commissioner every five years, beginning July 1, 2020, based upon

1 changes in the consumer price index during that time period.
2 "Consumer price index" means, for any calendar year, that year's
3 annual average consumer price index - Seattle, Washington area for
4 urban wage earners and clerical workers, all items, compiled by the
5 bureau of labor statistics, United States department of labor. The
6 office of the insurance commissioner must calculate the new dollar
7 threshold and transmit it to the office of the code reviser for
8 publication in the Washington State Register at least one month
9 before the new dollar threshold is to take effect.

10 NEW SECTION. Sec. 3. A new section is added to chapter 48.30
11 RCW to read as follows:

12 (1) An insurance producer may give to an individual, prizes,
13 goods, wares, gift cards, gift certificates, or merchandise not
14 exceeding twenty-five dollars in value per referral in any
15 consecutive twelve-month period for the referral of insurance
16 business to the insurance producer, if the giving of the prizes,
17 goods, wares, gift cards, gift certificates, or merchandise is not
18 conditioned upon the person who is referred either applying for, or
19 obtaining, or both, insurance through the insurance producer.

20 (2) The payment for the referral must not be in cash, currency,
21 bills, coins, check, or by money order.

22 (3) Referral activities authorized in this section are exempt
23 from RCW 48.30.140 and 48.30.150.

24 (4) The dollar threshold established in subsection (1) of this
25 section must be adjusted for inflation by the office of the insurance
26 commissioner every five years, beginning July 1, 2020, based upon
27 changes in the consumer price index during that time period.
28 "Consumer price index" means, for any calendar year, that year's
29 annual average consumer price index - Seattle, Washington area for
30 urban wage earners and clerical workers, all items, compiled by the
31 bureau of labor statistics, United States department of labor. The
32 office of the insurance commissioner must calculate the new dollar
33 threshold and transmit it to the office of the code reviser for
34 publication in the Washington State Register at least one month
35 before the new dollar threshold is to take effect.

36 (5) Notwithstanding subsections (1) and (2) of this section, an
37 insurance producer may pay to an individual a referral fee
38 conditioned on the submission of an application if the individual

1 does not sell, solicit, or negotiate insurance, consistent with the
2 provisions of RCW 48.17.490(4).

3 NEW SECTION. **Sec. 4.** A new section is added to chapter 48.30
4 RCW to read as follows:

5 (1) An insurance producer may sponsor events for, or make
6 contributions to, not-for-profit organizations, if the sponsorship or
7 contribution is not conditioned upon the organization either applying
8 for, obtaining, or both, insurance through the insurance producer.

9 (2) Sponsorship and charitable contribution activities authorized
10 in this section are exempt from RCW 48.30.140 and 48.30.150.

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