
HOUSE BILL 2104

State of Washington

65th Legislature

2017 Regular Session

By Representative Kirby

Read first time 02/14/17. Referred to Committee on Business & Financial Services.

1 AN ACT Relating to protection product guarantee providers by
2 clarifying that more than one reimbursement insurance policy, risk
3 retention group, or both may be used to meet the requirements of RCW
4 48.110.055; and amending RCW 48.110.055.

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

6 **Sec. 1.** RCW 48.110.055 and 2016 c 224 s 4 are each amended to
7 read as follows:

8 (1) This section applies to protection product guarantee
9 providers.

10 (2)(a) A person must not act as, or offer to act as, or hold
11 himself or herself out to be a protection product guarantee provider
12 in this state, nor may a protection product be sold to a consumer in
13 this state, unless the protection product guarantee provider has:

14 ((+a)) (i) A valid registration as a protection product
15 guarantee provider issued by the commissioner; and

16 ((+b)) (ii) Either demonstrated its financial responsibility or
17 assured the faithful performance of the protection product guarantee
18 provider's obligations to its protection product guarantee holders by
19 insuring all protection product guarantees under ((a)) one or more
20 reimbursement insurance policy or policies issued by an insurer or
21 insurers each holding a certificate of authority from the

1 commissioner, or alternatively a risk retention group or groups, as
2 defined in 15 U.S.C. Sec. 3901(a)(4), as long as ~~((that))~~ each risk
3 retention group ~~((is in full compliance))~~ or groups fully complies
4 with the federal liability risk retention act of 1986 (15 U.S.C. Sec.
5 3901 et seq.), is in good standing in its domiciliary jurisdiction,
6 and properly registered with the commissioner under chapter 48.92
7 RCW. The insurance required by this subsection must meet the
8 following requirements:

9 ~~((i))~~ (A) An insurer or risk retention group must, at the
10 time the policy is filed with the commissioner, and continuously
11 thereafter, maintain surplus as to policyholders and paid-in capital
12 of at least fifteen million dollars and annually file audited
13 financial statements with the commissioner; and

14 ~~((ii))~~ (B) The commissioner may authorize an insurer or risk
15 retention group that has surplus as to policyholders and paid-in
16 capital of less than fifteen million dollars, but at least equal to
17 ten million dollars, to issue the insurance required by this
18 subsection if the insurer or risk retention group demonstrates to the
19 satisfaction of the commissioner that the company maintains a ratio
20 of direct written premiums, wherever written, to surplus as to
21 policyholders and paid-in capital of not more than three to one.

22 (b) In the event a protection product guarantee provider has more
23 than one reimbursement policy, risk retention group, or both
24 otherwise meeting the requirements of this subsection (2)(b), the
25 product protection guarantee provider may choose which reimbursement
26 policy, risk retention group, or both to utilize for a protection
27 product guarantee.

28 (3) Applicants to be a protection product guarantee provider must
29 make an application to the commissioner upon a form to be furnished
30 by the commissioner. The application must include or be accompanied
31 by the following information and documents:

32 (a) The names of the protection product guarantee provider's
33 executive officer or officers directly responsible for the protection
34 product guarantee provider's protection product guarantee business
35 and their biographical affidavits on a form prescribed by the
36 commissioner;

37 (b) The name, address, and telephone number of any administrators
38 designated by the protection product guarantee provider to be
39 responsible for the administration of protection product guarantees
40 in this state;

1 (c) A copy of the protection product guarantee reimbursement
2 insurance policy or policies;

3 (d) A copy of each protection product guarantee the protection
4 product guarantee provider proposes to use in this state;

5 (e) The most recent annual financial statements, if available, or
6 the most recent financial statements certified as accurate by two or
7 more officers of the applicant which prove that the applicant is
8 solvent; and

9 (f) A nonrefundable application fee of two hundred fifty dollars.

10 (4) Each registered protection product guarantee provider must
11 appoint the commissioner as the protection product guarantee
12 provider's attorney to receive service of legal process issued
13 against the protection product guarantee provider in this state upon
14 causes of action arising within this state. Service upon the
15 commissioner as attorney constitutes effective legal service upon the
16 protection product guarantee provider.

17 (a) With the appointment the protection product guarantee
18 provider must designate the person to whom the commissioner must
19 forward legal process so served upon him or her.

20 (b) The appointment is irrevocable, binds any successor in
21 interest or to the assets or liabilities of the protection product
22 guarantee provider, and remains in effect for as long as there could
23 be any cause of action against the protection product guarantee
24 provider arising out of any of the protection product guarantee
25 provider's contracts or obligations in this state.

26 (c) The service of process must be accomplished and processed in
27 the manner prescribed under RCW 48.02.200.

28 (5) The commissioner may refuse to issue a registration if the
29 commissioner determines that the protection product guarantee
30 provider, or any individual responsible for the conduct of the
31 affairs of the protection product guarantee provider under subsection
32 (3)(a) of this section, is not competent, trustworthy, financially
33 responsible, or has had a license as a protection product guarantee
34 provider or similar license denied or revoked for cause by any state.

35 (6) A registration issued under this section is valid, unless
36 surrendered, suspended, or revoked by the commissioner, or not
37 renewed for so long as the protection product guarantee provider
38 continues in business in this state and remains in compliance with
39 this chapter. A registration is subject to renewal annually on the
40 first day of July upon application of the protection product

1 guarantee provider and payment of a fee of two hundred fifty dollars.
2 If not so renewed, the registration expires on the June 30th next
3 preceding.

4 (7) A protection product guarantee provider must keep current the
5 information required to be disclosed in its registration under this
6 section by reporting all material changes or additions within thirty
7 days after the end of the month in which the change or addition
8 occurs.

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