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**SUBSTITUTE HOUSE BILL 1075**

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**State of Washington**

**66th Legislature**

**2019 Regular Session**

**By** House Consumer Protection & Business (originally sponsored by Representatives Kirby and Vick)

READ FIRST TIME 02/15/19.

1 AN ACT Relating to consumer competitive group insurance; and  
2 amending RCW 48.30.140 and 48.30.150.

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

4 **Sec. 1.** RCW 48.30.140 and 2015 c 272 s 1 are each amended to  
5 read as follows:

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

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

19 (3) This section shall not apply to the allowance by any marine  
20 insurer, or marine insurance producer, to any insured, in connection  
21 with marine insurance, of such discount as is sanctioned by custom

1 among marine insurers as being additional to the insurance producer's  
2 commission.

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

10 (5) This section does not apply to an offset or reimbursement of  
11 all or part of a fee paid to an insurance producer as provided in RCW  
12 48.17.270.

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

21 (b) For purposes of this subsection: (i) "Health carrier" and  
22 "health benefit plan" have the same meaning as provided in RCW  
23 48.43.005; and (ii) "wellness program" has the same meaning as  
24 provided in 45 C.F.R. 146.121(f).

25 (7) Subsection (1) of this section does not apply to a payment by  
26 an insurer to offset documented expenses incurred by a group  
27 policyholder in changing coverages from one insurer to another.  
28 Insurers shall describe any such payment in the group insurance  
29 policy or in an applicable filing with the commissioner. If an  
30 implementation credit is given to a group, the implementation credit  
31 is part of the premium for the purposes of RCW 48.14.020 and  
32 48.14.0201. This exception to subsection (1) of this section does not  
33 apply to "medicare supplemental insurance" or "medicare supplemental  
34 insurance policies" as defined in chapter 48.66 RCW.

35 (8) Subsection (7) of this section does not apply to small groups  
36 as defined in RCW 48.43.005.

37 **Sec. 2.** RCW 48.30.150 and 2015 c 272 s 2 are each amended to  
38 read as follows:

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

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

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

12 (c) Any prizes, goods, wares, gift cards, gift certificates, or  
13 merchandise of an aggregate value in excess of one hundred dollars  
14 per person in the aggregate in any consecutive twelve-month period.  
15 This subsection (1)(c) does not apply to title insurers or title  
16 insurance agents.

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

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

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

37 (4) Subsection (1) of this section does not prohibit an insurer  
38 from issuing any payment to offset documented expenses incurred by a  
39 group policyholder in changing coverages from one insurer to another  
40 as provided in RCW 48.30.140. If an implementation credit is given to

1 a group, the implementation credit is part of the premium for the  
2 purposes of RCW 48.14.020 and 48.14.0201. This exception to  
3 subsection (1) of this section does not apply to "medicare  
4 supplemental insurance" or "medicare supplemental insurance policies"  
5 as defined in chapter 48.66 RCW.

6 (5) Subsection (4) of this section does not apply to small groups  
7 as defined in RCW 48.43.005.

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