

RCW 48.15.070 Surplus line brokers—Licensing—Bond—Renewal.

Any individual while a resident of this state, or any firm, corporation, or other business entity that has in its employ a qualified individual who is a resident of this state and who is authorized to exercise the powers of the firm or corporation, deemed by the commissioner to be competent and trustworthy, and while maintaining an office at a designated location in this state, may be licensed as a surplus line broker in accordance with this section.

(1) An applicant and a licensee for a resident surplus line broker license must have and maintain a license from the commissioner as a resident insurance producer with property and casualty lines of authority.

(2) Each applicant for a resident surplus line broker's license must pass the required examination and pay the required fee when applying for a license.

(3) If a nonresident that is licensed as a resident surplus line broker in another state moves to this state and wishes to become licensed as a resident surplus line broker in this state, then the examination requirement is waived if the application is received by the commissioner within ninety days of the cancellation of the surplus line broker's resident license in the other state.

(4) Application to the commissioner for the license must be made on forms furnished by the commissioner. As part of, or in connection with, this application, the applicant must furnish information concerning his or her identity, including fingerprints for submission to the Washington state patrol, the federal bureau of investigation, and any governmental agency or entity authorized to receive this information for a state and national criminal history background check; personal history; experience; business records; purposes; and other pertinent information, as the commissioner may reasonably require. If in the process of verifying fingerprints, business records, or other information, the commissioner's office incurs fees or charges from another governmental agency or from a business firm, the amount of the fees or charges must be paid to the commissioner's office by the applicant.

(5) Every resident surplus line broker licensed under this chapter must maintain a bond in favor of the state of Washington in the penal sum of twenty thousand dollars, with authorized corporate sureties approved by the commissioner, conditioned that the licensee will conduct business under the license in accordance with the provisions of this chapter and that the licensee will promptly remit the taxes provided by RCW 48.15.120. The licensee must maintain such bond in force for as long as the license remains in effect.

(6) Every resident surplus line broker licensed under this chapter must maintain in force while so licensed a bond in favor of the people of the state of Washington or a named insured such that the people of the state are covered by the bond, executed by an authorized corporate surety approved by the commissioner, in the amount of two thousand five hundred dollars, or five percent of the premiums from placement of coverage with surplus line insurers in the previous calendar year, whichever is greater, but not to exceed one hundred thousand dollars total aggregate liability. The bond may be continuous in form, and total aggregate liability on the bond may be limited to the required amount of the bond. The bond must be contingent on the accounting by the resident surplus line broker to any person requesting the broker to obtain insurance, for moneys or premiums

collected in connection therewith. A bond issued in accordance with RCW 48.17.250 or with this subsection will satisfy the requirements of both RCW 48.17.250 and this subsection if the limit of liability is not less than the greater of the requirement of RCW 48.17.250 or the requirement of this subsection.

(7) Authorized surplus line brokers of a business entity may meet the requirements of subsection (6) of this section with a bond in the name of the business entity, continuous in form, and in the amount set forth in subsection (6) of this section.

(8) Surplus line brokers may meet the requirements of this section with a bond in the name of an association. The association must have been in existence for five years, have common membership, and have been formed for a purpose other than obtaining a bond. An individual surplus line broker remains responsible for assuring that a bond is in effect and is for the correct amount.

(9) Members of an association may meet the requirements of subsection (6) of this section with a bond in the name of the association that is continuous in form and in the amounts set forth in subsection (6) of this section for each participating member.

(10) The surety may cancel the bond and be released from further liability thereunder upon thirty days' written notice in advance to the principal. The cancellation does not affect any liability incurred or accrued under the bond before the termination of the thirty-day period.

(11) Failure to have and maintain the bonds required under subsections (5) and (6) of this section is grounds for revocation of a license under RCW 48.15.140.

(12) If a party injured under the terms of the bond required under subsection (6) of this section requests the surplus line broker to provide the name of the surety and the bond number, the surplus line broker must provide the information within three working days after receiving the request.

(13) All records relating to the bonds required by this section must be kept available and open to the inspection of the commissioner at any business time.

(14) A surplus line broker's license expires if not timely renewed. Surplus line broker licenses are valid for the time period established by the commissioner unless suspended or revoked at an earlier date.

(15) Subject to the right of the commissioner to suspend, revoke, or refuse to renew any surplus line broker's license as provided in this title, the license may be renewed into another like period by filing with the commissioner by any means acceptable to the commissioner on or before the expiration date a request, by or on behalf of the licensee, for the renewal accompanied by payment of the renewal fee as specified in RCW 48.14.010.

(16) If the request and fee for renewal of a surplus line broker's license are filed with the commissioner prior to expiration of the existing license, the licensee may continue to act under the license, unless sooner revoked or suspended, until the issuance of a renewal license, or until the expiration of fifteen days after the commissioner has refused to renew the license and has mailed notification of the refusal to the licensee. If the request and fee for the license are not received by the expiration date, the authority conferred by the license ends on the expiration date.

(17) If the request for renewal of a surplus line broker's license and payment of the fee are not received by the commissioner

prior to the expiration date, the applicant for renewal must pay to the commissioner in addition to the renewal fee, a surcharge as follows:

(a) For the first thirty days or part thereof of delinquency, the surcharge is fifty percent of the renewal fee; and

(b) For the next thirty days or part thereof of delinquency, the surcharge is one hundred percent of the renewal fee.

(18) If the request for renewal of a surplus line broker's license and payment of the renewal fee are not received by the commissioner after sixty days but prior to twelve months after the expiration date, the application must be for reinstatement of the license and the applicant for reinstatement must pay to the commissioner the license fee and a surcharge of two hundred percent of the license fee.

(19) Subsections (17) and (18) of this section do not exempt any person from any penalty provided by law for transacting business without a valid and subsisting license.

(20) An individual surplus line broker who allows his or her license to lapse may, within twelve months after the expiration date, reinstate the same license without the necessity of passing a written examination.

(21) For the purposes of this section, a "qualified individual" is a natural person who has met all the requirements that must be met by an individual surplus line broker.

(22) The commissioner may require any documents reasonably necessary to verify the information contained in an application and may, from time to time, require any licensed surplus line broker to produce the information called for in an application for license.

[2017 c 49 s 1; 2010 c 18 s 1; 2009 c 162 s 3; 2002 c 227 s 3; 1994 c 131 s 3; 1983 1st ex.s. c 32 s 24; 1982 c 181 s 5; 1981 c 199 s 1; 1980 c 102 s 3; 1979 ex.s. c 130 s 3; 1977 ex.s. c 182 s 2; 1959 c 225 s 4; 1947 c 79 s .15.07; Rem. Supp. 1947 s 45.15.07.]

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Effective date—2010 c 18: "This act takes effect July 26, 2010." [2010 c 18 s 6.]

Effective date—2009 c 162: See note following RCW 48.03.020.

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