

HOUSE BILL 2514

State of Washington 61st Legislature 2010 Regular Session

By Representatives Bailey, Kirby, and Chandler; by request of Insurance Commissioner

Prefiled 01/04/10. Read first time 01/11/10. Referred to Committee on Financial Institutions & Insurance.

1 AN ACT Relating to crop adjusters; amending RCW 48.17.010,
2 48.17.060, 48.17.110, 48.17.150, 48.17.390, and 48.17.420; reenacting
3 and amending RCW 48.14.010; and providing an effective date.

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

5 **Sec. 1.** RCW 48.14.010 and 2009 c 162 s 2 and 2009 c 119 s 10 are
6 each reenacted and amended to read as follows:

7 (1) The commissioner shall collect in advance the following fees:

8 (a) **For filing charter documents:**

- 9 (i) Original charter documents,
- 10 bylaws or record of organization of
- 11 insurers, or certified copies
- 12 thereof, required to be filed \$250.00
- 13 (ii) Amended charter documents, or
- 14 certified copy thereof, other than
- 15 amendments of bylaws \$ 10.00

1	(iii)	No additional charge or fee shall	
2		be required for filing any of such	
3		documents in the office of the	
4		secretary of state.	
5	(b)	Certificate of authority:	
6	(i)	Issuance	\$ 25.00
7	(ii)	Renewal	\$ 25.00
8	(c)	Annual statement of insurer, filing	\$ 20.00
9	(d)	Organization or financing of domestic insurers and	
10		affiliated corporations:	
11	(i)	Application for solicitation permit,	
12		filing	\$100.00
13	(ii)	Issuance of solicitation permit ...	\$ 25.00
14	(e)	Insurance producer licenses:	
15	(i)	License application	\$ 55.00
16	(ii)	License renewal, every two years	
17		\$ 55.00
18	(iii)	Initial appointment and renewal of	
19		appointment of each insurance	
20		producer, every two years	\$ 20.00
21	(iv)	Limited line insurance producer	
22		license application and renewal,	
23		every two years	\$ 20.00
24	(f)	Title insurance agent licenses:	
25	(i)	License application	\$ 50.00
26	(ii)	License renewal, every two	
27		years	\$ 50.00
28	(g)	Reinsurance intermediary licenses:	
29	(i)	Reinsurance intermediary-broker,	
30		each year	\$ 50.00
31	(ii)	Reinsurance intermediary-	
32		manager, each year	\$100.00
33	(h)	Surplus line broker license application	
34		and renewal, every two years	\$200.00
35	(i)	Adjusters' licenses:	

1	(i)	Independent adjuster((:)): (A)	
2		<u>License application</u>	<u>\$ 50.00</u>
3		(B) <u>License renewal, every two</u>	
4		<u>years</u>	<u>\$ 50.00</u>
5	(ii)	Public adjuster((:)): (A) <u>License</u>	
6		<u>application</u>	<u>\$ 50.00</u>
7		(B) <u>License renewal, every two</u>	
8		<u>years</u>	<u>\$ 50.00</u>
9	(iii)	<u>Crop adjuster: (A) License</u>	
10		<u>application</u>	<u>\$ 50.00</u>
11		(B) <u>License renewal, every two</u>	
12		<u>years</u>	<u>\$50.00</u>
13	(j)	Managing general agent appointment,	
14		every two years	\$200.00
15	(k)	Examination for license, each examination:	
16		All examinations, except examinations	
17		administered by an independent testing	
18		service, the fees for which are to be	
19		approved by the commissioner and	
20		collected directly by and retained by	
21		such independent testing service	
22		<u>\$ 20.00</u>
23	(l)	Miscellaneous services:	
24	(i)	Filing other documents	\$ 5.00
25	(ii)	Commissioner's certificate under	
26		seal	\$ 5.00
27	(iii)	Copy of documents filed in the	
28		commissioner's office, reasonable	
29		charge therefor as determined by	
30		the commissioner.	
31	(m)	Self-service storage specialty insurance producer	
32		license application and renewal:	
33		Every two years, \$130.00 for an owner with	
34		under fifty employees or \$375.00 for an	
35		owner with fifty or more employees;	
36		plus a location fee of \$35.00 for each	
37		additional location of an owner.	

1 (2) All fees so collected shall be remitted by the commissioner to
2 the state treasurer not later than the first business day following,
3 and shall be placed to the credit of the general fund.

4 (a) Fees for examinations administered by an independent testing
5 service that are approved by the commissioner under subsection (1)(k)
6 of this section shall be collected directly by the independent testing
7 service and retained by it.

8 (b) Fees for copies of documents filed in the commissioner's office
9 shall be remitted by the commissioner to the state treasurer not later
10 than the first business day following, and shall be placed to the
11 credit of the insurance commissioner's regulatory account.

12 **Sec. 2.** RCW 48.17.010 and 2009 c 162 s 13 are each amended to read
13 as follows:

14 The definitions in this section apply throughout this title unless
15 the context clearly requires otherwise.

16 (1) "Adjuster" means any person who, for compensation as an
17 independent contractor or as an employee of an independent contractor,
18 or for fee or commission, investigates or reports to the adjuster's
19 principal relative to claims arising under insurance contracts, on
20 behalf solely of either the insurer or the insured. An attorney-at-law
21 who adjusts insurance losses from time to time incidental to the
22 practice of his or her profession(~~(7)~~) or an adjuster of marine
23 losses(~~(7 or a salaried employee of an insurer or of a managing general~~
24 ~~agent,7)~~) is not deemed to be an "adjuster" for the purpose of this
25 chapter. A salaried employee of an insurer or of a managing general
26 agent is not deemed to be an "adjuster" for the purpose of this
27 chapter, except when acting as a crop adjuster.

28 (a) "Independent adjuster" means an adjuster representing the
29 interests of the insurer.

30 (b) "Public adjuster" means an adjuster employed by and
31 representing solely the financial interests of the insured named in the
32 policy.

33 (c) "Crop adjuster" means an adjuster, including (i) an independent
34 adjuster, (ii) a public adjuster, and (iii) an employee of an insurer
35 or managing general agent, who acts as an adjuster for claims arising
36 under crop insurance.

1 (2) "Business entity" means a corporation, association,
2 partnership, limited liability company, limited liability partnership,
3 or other legal entity.

4 (3) "Crop insurance" means insurance coverage for damage to crops
5 from unfavorable weather conditions, fire or lightning, flood, hail,
6 insect infestation, disease, or other yield-reducing conditions or
7 perils provided by the private insurance market, or that is subsidized
8 by the federal crop insurance corporation, including multiperil crop
9 insurance.

10 (4) "Home state" means the District of Columbia and any state or
11 territory of the United States or province of Canada in which an
12 insurance producer maintains the insurance producer's principal place
13 of residence or principal place of business, and is licensed to act as
14 an insurance producer.

15 ~~((4))~~ (5) "Insurance education provider" means any insurer,
16 health care service contractor, health maintenance organization,
17 professional association, educational institution created by Washington
18 statutes, or vocational school licensed under Title 28C RCW, or
19 independent contractor to which the commissioner has granted authority
20 to conduct and certify completion of a course satisfying the insurance
21 education requirements of RCW 48.17.150.

22 ~~((5))~~ (6) "Insurance producer" means a person required to be
23 licensed under the laws of this state to sell, solicit, or negotiate
24 insurance. "Insurance producer" does not include title insurance agents
25 as defined in subsection ~~((15))~~ (16) of this section or surplus line
26 brokers licensed under chapter 48.15 RCW.

27 ~~((6))~~ (7) "Insurer" has the same meaning as in RCW 48.01.050, and
28 includes a health care service contractor as defined in RCW 48.44.010
29 and a health maintenance organization as defined in RCW 48.46.020.

30 ~~((7))~~ (8) "License" means a document issued by the commissioner
31 authorizing a person to act as an insurance producer or title insurance
32 agent for the lines of authority specified in the document. The
33 license itself does not create any authority, actual, apparent, or
34 inherent, in the holder to represent or commit to an insurer.

35 ~~((8))~~ (9) "Limited line credit insurance" includes credit life,
36 credit disability, credit property, credit unemployment, involuntary
37 unemployment, mortgage life, mortgage guaranty, mortgage disability,
38 automobile dealer gap insurance, and any other form of insurance

1 offered in connection with an extension of credit that is limited to
2 partially or wholly extinguishing the credit obligation that the
3 commissioner determines should be designated a form of limited line
4 credit insurance.

5 ~~((+9))~~ (10) "NAIC" means national association of insurance
6 commissioners.

7 ~~((+10))~~ (11) "Negotiate" means the act of conferring directly
8 with, or offering advice directly to, a purchaser or prospective
9 purchaser of a particular contract of insurance concerning any of the
10 substantive benefits, terms, or conditions of the contract, provided
11 that the person engaged in that act either sells insurance or obtains
12 insurance from insurers for purchasers.

13 ~~((+11))~~ (12) "Person" means an individual or a business entity.

14 ~~((+12))~~ (13) "Sell" means to exchange a contract of insurance by
15 any means, for money or its equivalent, on behalf of an insurer.

16 ~~((+13))~~ (14) "Solicit" means attempting to sell insurance or
17 asking or urging a person to apply for a particular kind of insurance
18 from a particular insurer.

19 ~~((+14))~~ (15) "Terminate" means the cancellation of the
20 relationship between an insurance producer and the insurer or the
21 termination of an insurance producer's authority to transact insurance.

22 ~~((+15))~~ (16) "Title insurance agent" means a business entity
23 licensed under the laws of this state and appointed by an authorized
24 title insurance company to sell, solicit, or negotiate insurance on
25 behalf of the title insurance company.

26 ~~((+16))~~ (17) "Uniform application" means the current version of
27 the NAIC uniform application for individual insurance producers for
28 resident and nonresident insurance producer licensing.

29 ~~((+17))~~ (18) "Uniform business entity application" means the
30 current version of the NAIC uniform application for business entity
31 insurance license or registration for resident and nonresident business
32 entities.

33 **Sec. 3.** RCW 48.17.060 and 2009 c 162 s 14 are each amended to read
34 as follows:

35 (1) A person shall not sell, solicit, or negotiate insurance in
36 this state for any line or lines of insurance unless the person is
37 licensed for that line of authority in accordance with this chapter.

1 (2) A person may not act as or hold himself or herself out to be an
2 adjuster or crop adjuster in this state unless licensed by the
3 commissioner or otherwise authorized to act as an adjuster or a crop
4 adjuster under this chapter.

5 **Sec. 4.** RCW 48.17.110 and 2009 c 162 s 16 are each amended to read
6 as follows:

7 (1) A resident individual applying for an insurance producer
8 license or an individual applying for an adjuster, including crop
9 adjuster, license shall pass a written examination unless exempt under
10 this section or RCW 48.17.175. The examination shall test the
11 knowledge of the individual concerning the lines of authority for which
12 application is made, the duties and responsibilities of an insurance
13 producer or adjuster, and the insurance laws and rules of this state.
14 Examinations required by this section shall be developed and conducted
15 under the rules prescribed by the commissioner. (~~The commissioner~~
16 ~~shall prepare, or approve, and make available a manual specifying in~~
17 ~~general terms the subjects which may be covered in any examination for~~
18 ~~a particular license.~~)

19 (2) The following are exempt from the examination requirement:

20 (a) Applicants for licenses under RCW 48.17.170(1) (g), (h), and
21 (i), at the discretion of the commissioner;

22 (b) With the exception of crop adjusters, applicants for an
23 adjuster's license who for a period of one year, a portion of which was
24 in the year next preceding the date of application, have been a full-
25 time salaried employee of an insurer or of a managing general agent to
26 adjust, investigate, or report claims arising under insurance
27 contracts;

28 (c) With the exception of crop adjusters, applicants for a license
29 as a nonresident adjuster who are duly licensed in another state and
30 who are deemed by the commissioner to be fully qualified and competent
31 for a similar license in this state; and

32 (d) Applicants for a license as a nonresident crop adjuster, who
33 must:

34 (i) Be duly licensed as a crop adjuster, or hold a valid
35 substantially similar license in another state; and

36 (ii) Have completed prelicensing education and passed an

1 examination substantially similar to the prelicensing education and
2 examination required for licensure as a resident crop adjuster in this
3 state; or

4 (iii) If their state of residence does not license crop adjusters,
5 complete prelicensing education and pass an examination that are
6 substantially similar to the prelicensing education and examination
7 required to be licensed as a resident crop adjuster in this state.

8 (3) The commissioner may make arrangements, including contracting
9 with an outside testing service, for administering examinations.

10 (4) The commissioner may, at any time, require any licensed
11 insurance producer, adjuster or crop adjuster to take and successfully
12 pass an examination testing the licensee's competence and
13 qualifications as a condition to the continuance or renewal of a
14 license, if the licensee has been guilty of violating this title, or
15 has so conducted affairs under an insurance license as to cause the
16 commissioner to reasonably desire further evidence of the licensee's
17 qualifications.

18 (5) The commissioner may by rule establish requirements for crop
19 adjusters to:

- 20 (a) Successfully complete prelicensing education;
- 21 (b) Pass a written examination to obtain a license; and
- 22 (c) Renew their license.

23 **Sec. 5.** RCW 48.17.150 and 2009 c 162 s 17 are each amended to read
24 as follows:

25 (1) The commissioner shall by rule establish minimum continuing
26 education requirements for the renewal or reissuance of a license to an
27 insurance producer.

28 (2) The commissioner may by rule establish minimum continuing
29 education requirements for the renewal or reissuance of a license to a
30 crop adjuster.

31 (3) The commissioner shall require that continuing education
32 courses will be made available on a statewide basis in order to ensure
33 that persons residing in all geographical areas of this state will have
34 a reasonable opportunity to attend such courses.

35 ~~((+3))~~ (4) The continuing education requirements must be
36 appropriate to the license for the lines of authority specified in RCW
37 48.17.170 or by rule.

1 **Sec. 6.** RCW 48.17.390 and 2007 c 117 s 19 are each amended to read
2 as follows:

3 (1)(a) The commissioner may license:

4 (i) An individual or business entity as an independent adjuster or
5 as a public adjuster(~~(, and))~~;

6 (ii) An individual as a crop adjuster; and

7 (b) Separate licenses shall be required for each type of adjuster.

8 (2) An individual or business entity may be concurrently licensed
9 under separate licenses as an independent adjuster and as a public
10 adjuster.

11 (3) An individual may be concurrently licensed under separate
12 licenses as an independent adjuster, a public adjuster, or a crop
13 adjuster.

14 (4) The full license fee shall be paid for each such license.

15 **Sec. 7.** RCW 48.17.420 and 2007 c 117 s 21 are each amended to read
16 as follows:

17 (1) (~~On behalf of and as authorized by an insurer for which an~~
18 ~~insurance producer or title insurance agent has been appointed as an~~
19 ~~agent,~~) An insurance producer or title insurance agent may from time
20 to time act as an adjuster on behalf of and as authorized by an insurer
21 for which an insurance producer or title insurance agent has been
22 appointed as an agent and investigate and report upon claims without
23 being required to be licensed as an adjuster. An insurance producer or
24 title insurance agent must not act as a crop adjuster or investigate or
25 report upon claims arising under crop insurance without first obtaining
26 a crop adjuster license.

27 (2) (~~No~~) Except for losses arising under crop insurance, a
28 license by this state (~~shall be~~) is not required of a nonresident
29 independent adjuster, for the adjustment in this state of a single
30 loss, or of losses arising out of a catastrophe common to all such
31 losses.

32 (3) For losses arising under crop insurance, a license by this
33 state is not required of a nonresident crop adjuster for the adjustment
34 in this state of a single loss or of losses arising out of a
35 catastrophe common to all such losses, if the nonresident crop adjuster
36 is duly licensed:

37 (a) As a crop adjuster in another state; or

1 (b) By the risk management agency of the United States department
2 of agriculture.

3 NEW SECTION. **Sec. 8.** This act takes effect June 27, 2011.

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