

# HOUSE BILL REPORT

## HB 1285

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### As Reported By House Committee On: Financial Institutions & Insurance

**Title:** An act relating to immunity for providing surplus line insurance information to the insurance commissioner.

**Brief Description:** Allowing persons that provide the insurance commissioner with surplus line insurance information to gain immunity from civil liability.

**Sponsors:** Representatives L. Thomas, Dellwo, Mielke, Benton, Huff, Wolfe, Campbell, Costa, Pelesky, Dyer, Kessler, Smith and Beeksma.

**Brief History:**

**Committee Activity:**

Financial Institutions & Insurance: 1/30/95, 2/1/95 [DP].

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### HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

**Majority Report:** Do pass. Signed by 13 members: Representatives L. Thomas, Chairman; Beeksma, Vice Chairman; Smith, Vice Chairman; Wolfe, Ranking Minority Member; Campbell, Assistant Ranking Minority Member; Benton; Costa; Dellwo; Dyer; Huff; Kessler; Mielke and Pelesky.

**Staff:** Charlie Gavigan (786-7340).

**Background:** Generally, an insurance company cannot engage in the business of insurance in Washington State unless the insurance company is authorized to do so by the Office of the Insurance Commissioner (OIC). "Surplus lines" insurance coverage is an exception.

Surplus lines insurance is coverage that cannot be procured from authorized insurance companies. Surplus lines cover risks that do not fit normal underwriting patterns or fit standard insurance policies. While not subject to regulations governing premium rates or policy language, surplus lines insurance is regulated in other ways. For instance, surplus lines insurance can only be procured through a broker licensed in Washington State to sell surplus lines insurance, and surplus lines brokers cannot knowingly place insurance with insolvent insurers.

The OIC can take action against surplus line brokers for violating statutes and regulations regarding surplus lines insurance.

**Summary of Bill:** Agents, brokers, solicitors, and adjusters and surplus lines trade associations who furnish information to the Office of the Insurance Commissioner regarding unauthorized insurers are immune from civil liability for providing the information.

**Appropriation:** None.

**Fiscal Note:** Not Requested.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** This bill is necessary to ensure that the Office of the Insurance Commissioner is provided necessary information regarding unauthorized insurance transactions and to protect consumers.

**Testimony Against:** None.

**Testified:** Deny Eliason, Surplus Lines Association (pro); and Kendel Lyman, Surplus Lines Association (pro).