

SENATE BILL REPORT

HB 1285

As Reported By Senate Committee On:
Financial Institutions & Housing, March 21, 1995

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 & Housing: 3/17/95, 3/21/95 [DP].

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS & HOUSING

Majority Report: Do pass.

Signed by Senators Prentice, Chair; Fraser, Vice Chair; Hale, Roach, Sellar and Smith.

Staff: David Cheal (786-7576)

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 will encourage the flow of information to the Insurance Commissioner.

Testimony Against: None.

Testified: Denny Eliason, Kendel Lyman, Surplus Line Assn. (pro).