

# HOUSE BILL REPORT

## HB 2825

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### As Reported By House Committee On:

Financial Institutions & Insurance

**Title:** An act relating to fees charged by general agents.

**Brief Description:** Clarifying fees charged by general agents.

**Sponsors:** Representatives L. Thomas, Wolfe, Zellinsky, Grant, Benson, DeBolt, Keiser, Smith, Sullivan, Constantine, Wensman and Thompson.

### Brief History:

#### Committee Activity:

Financial Institutions & Insurance: 2/5/98 [DPS].

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## HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 9 members: Representatives L. Thomas, Chairman; Smith, Vice Chairman; Zellinsky, Vice Chairman; Wolfe, Ranking Minority Member; Grant, Assistant Ranking Minority Member; Benson; DeBolt; Sullivan and Wensman.

**Minority Report:** Without recommendation. Signed by 2 members: Representatives Constantine and Keiser.

**Staff:** Jim Morishima (786-7191).

**Background:** Insurance is governed by state law. Generally, an insurer cannot charge an insured any fees, compensation, or consideration not included in the premium. This prohibition does not apply to fees the insured pays to a broker.

**Summary of Substitute Bill:** General agents engaged in the sale of property and casualty insurance may charge a fee to the insured. The fee must be approved by the insurance commissioner and must be disclosed to the insured. The fee cannot duplicate a fee charged by the insurer and cannot be excessive, inadequate, or unfairly discriminatory.

**Substitute Bill Compared to Original Bill:** The substitute allows only general agents engaged in the sale of property and casualty insurance to charge a fee; the original bill allowed all general agents to charge a fee. The substitute bill also requires that the fee

be approved by the insurance commissioner and be disclosed to the insured. Finally, under the substitute bill, the fee cannot be excessive, inadequate, or unfairly discriminatory; the original bill only required that the fees be unique to general agents and not part of the payment for the insurance policy itself.

**Appropriation:** None.

**Fiscal Note:** Not requested.

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

**Testimony For:** None.

**Testimony Against:** None.

**Testified:** None.