

# HOUSE BILL REPORT

## HB 1547

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### As Passed Legislature

**Title:** An act relating to licensing insurance agents, brokers, solicitors, and adjusters.

**Brief Description:** Licensing insurance agents, brokers, solicitors, and adjusters.

**Sponsors:** By Representatives Simpson, Bush, Benson, Hatfield, Santos and Keiser; by request of Insurance Commissioner.

**Brief History:**

**Committee Activity:**

Financial Institutions & Insurance: 2/6/01, 2/9/01 [DP].

**Floor Activity:**

Passed House: 3/9/01, 98-0.

Passed Senate: 4/5/01, 48-0.

Passed Legislature.

### Brief Summary of Bill

- Application to the insurance commissioner by a nonresident for a license as an agent, broker, solicitor or adjuster may be made on any form approved by the commissioner via administrative rule.
- The insurance commissioner may license a nonresident as an agent or broker, provided the person is licensed in his or her state of residence or domicile, such state has licensing reciprocity with Washington, and the applicant has no history of fraud, misrepresentation, unfair business practice or felony convictions.

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### HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

**Majority Report:** Do pass. Signed by 12 members: Representatives Benson, Republican Co-Chair; Hatfield, Democratic Co-Chair; Bush, Republican Vice Chair; McIntire, Democratic Vice Chair; Barlean, Cairnes, DeBolt, Keiser, Miloscia, Roach, Santos and Simpson.

**Staff:** Thamas Osborn (786-7129).

**Background:**

Under Title 48 RCW, the Insurance Commissioner (the commissioner) is granted broad power to regulate the licensing of insurance agents, brokers, solicitors, and adjusters. The commissioner has considerable discretionary authority to issue rules, regulate the application process, and to otherwise determine whether an applicant meets the legal requirements for a license.

The commissioner may suspend, revoke, or refuse to issue or renew a license where the applicant or licensee has been found to be unfit due to incompetence or specific types of misconduct, including criminal behavior, fraud, misrepresentation, and unfair business practices.

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**Summary of Bill:**

A nonresident seeking a license as an insurance agent, broker, solicitor, or adjustor may apply to the commissioner using any form that has been approved by the commissioner pursuant to administrative rule. Additional application information must be provided as required by statute or rule, whether or not such information is provided by the form.

The licensing reciprocity provisions of the insurance code are clarified with respect to issuing licenses to nonresident insurance agents and brokers. To be issued an insurance license in Washington, a nonresident applicant must have a valid license from another state that reciprocally honors corresponding licenses issued in Washington. In addition, the nonresident applicant must not have a history of incompetence, professional misconduct or criminal behavior, of the types specifically identified by statute.

With respect to the recognition of insurance licenses issued by other states, the definition of "state" is extended to include the District of Columbia, Canadian provinces and various other territories.

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**Appropriation:** None.

**Fiscal Note:** Not Requested.

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

**Testimony For:** The bill creates reciprocity provisions with respect to the licensing of out-of-state insurance agents and is necessary for compliance with the federal Gramm-Leach-Bliley Act. Unless 29 states comply with the licensing reciprocity provisions of the act by mid-2001, the federal government will step in with regulations. Currently, the licensing practices between most states are not reciprocal, although several states have already enacted legislation similar to this bill. Under the bill, the insurance commissioner retains broad regulatory power to deny licenses. The bill is supported by

many industry groups.

**Testimony Against:** None.

**Testified:** (In support) Representative Simpson, prime sponsor; Bill Daley, Insurance Commissioner's Office; Mel Sorensen, Carney Badley Smith & Spellman Law Firm; Denny Eliason, Washington Association of Health Underwriters; and Bill Stauffacher, Independent Insurance Agents and Brokers.