

SENATE BILL REPORT

SB 5623

As Reported By Senate Committee On:
Labor, Commerce & Financial Institutions, February 20, 2001

Title: An act relating to licensing surplus line brokers.

Brief Description: Licensing surplus line brokers.

Sponsors: Senators Prentice, Gardner, Benton, Benton, Patterson and Winsley.

Brief History:

Committee Activity: Labor, Commerce & Financial Institutions: 2/15/01, 2/20/01 [DP].

SENATE COMMITTEE ON LABOR, COMMERCE & FINANCIAL INSTITUTIONS

Majority Report: Do pass.

Signed by Senators Prentice, Chair; Gardner, Vice Chair; Benton, Deccio, Fairley, Franklin, Hochstatter, Honeyford, Patterson, Rasmussen, Regala, West and Winsley.

Staff: David Cheal (786-7576)

Background: A surplus lines– insurer is an insurance company that does not have a certificate of authority issued by the Insurance Commissioner to transact business in the state, and can only operate under certain rules, specified by statute. It must be a type of insurance that is not available from authorized insurers, and the broker must be licensed as a surplus lines broker.

Currently, an individual must be a resident of the state to be licensed as a surplus lines broker.

Summary of Bill: The Insurance Commissioner is authorized to license a nonresident person as a surplus lines broker if they meet all other requirements of the law, and if their state or province of residence extends a similar privilege to Washington residents. A nonresident surplus lines licensee is subject to the commissioner’s supervision as though he or she were a resident of this state.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: Many states extend this courtesy to Washington residents, so we should reciprocate. Whether a surplus lines broker is a resident or not does not affect the Insurance Commissioner’s ability to protect Washington consumers.

Testimony Against: None.

Testified: Kendel Lyman, Tom Parker, Surplus Line (pro).