
HOUSE BILL 1383

State of Washington

57th Legislature

2001 Regular Session

By Representatives Campbell, Schual-Berke, Skinner and Cody

Read first time 01/24/2001. Referred to Committee on Financial Institutions & Insurance.

1 AN ACT Relating to third party administrators; and adding a new
2 chapter to Title 48 RCW.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 NEW SECTION. **Sec. 1.** The definitions in this section apply
5 throughout this chapter unless the context clearly requires otherwise.

6 (1) "Administrator"s or "third party administrator" means a person
7 who directly or indirectly underwrites, collects charges or premiums,
8 or adjusts or settles claims, in connection with life, annuity, or
9 health insurance coverage offered by an insurer, except any of the
10 following:

11 (a) An employer, or an affiliate or subsidiary of an employer, on
12 behalf of its employees or the employees of one or more subsidiaries or
13 affiliated corporations of such employer;

14 (b) A union on behalf of its members;

15 (c) An insurer which is authorized to transact insurance in this
16 state pursuant to chapter 48.05 RCW;

17 (d) An insurance producer licensed to sell life, annuities, or
18 health insurance in this state, whose activities are limited
19 exclusively to the sale of insurance;

- 1 (e) A creditor on behalf of its debtors with respect to insurance
2 covering a debt between the creditor and its debtors;
- 3 (f) A trust and its trustees, agents, and employees acting pursuant
4 to such trust established in conformity with 29 U.S.C. Sec. 186;
- 5 (g) A trust exempt from taxation under section 501(a) of the
6 internal revenue code, its trustees and employees acting pursuant to
7 such trust, or a custodian and the custodian's agents or employees
8 acting pursuant to a custodian account which meets the requirements of
9 section 401(f) of the internal revenue code;
- 10 (h) A credit union or a financial institution which is subject to
11 supervision or examination by federal or state banking authorities, or
12 a mortgage lender, to the extent they collect and remit premiums to
13 licensed insurance producers or to limited lines producers or
14 authorized insurers in connection with loan payments;
- 15 (i) A credit card issuing company which advances for and collects
16 insurance premiums or charges from its credit card holders who have
17 authorized collection;
- 18 (j) A person who adjusts or settles claims in the normal course of
19 that person's practice or employment as an attorney at law and who does
20 not collect charges or premiums in connection with life, annuity, or
21 health insurance coverage;
- 22 (k) An adjuster licensed by this state whose activities are limited
23 to adjustment of claims;
- 24 (l) A person who acts solely as an administrator or trustee of one
25 or more bona fide employee benefit plans established by an employer or
26 an employee organization, or both, for which the insurance laws of this
27 state are preempted pursuant to the employee retirement income security
28 act of 1974. Such a person shall comply with the requirements of
29 section 11(7) of this act;
- 30 (m) A person licensed as a managing general agent in this state
31 under chapter 48.98 RCW, whose activities are limited exclusively to
32 the scope of activities conveyed under such a license; or
- 33 (n) An association or a wholly owned subsidiary of an association
34 whose sole business purpose is to be the administrator of the
35 association's life, annuity, or health insurance coverage programs.
- 36 (2) "Commissioner" means the Washington state insurance
37 commissioner.
- 38 (3) "Generally accepted accounting principles" means United States
39 generally accepted accounting principles, consistently applied.

1 (4) "Home state" means the District of Columbia and any state or
2 territory of the United States in which an administrator is
3 incorporated, or maintains its principal place of business. If neither
4 the state in which the administrator is incorporated, nor the state in
5 which it maintains its principal place of business has adopted a
6 substantially similar law governing administrators, the administrator
7 may declare another state, in which it conducts business, to be its
8 "home state."

9 (5) "Insurance" or "insurance coverage" means any coverage offered
10 or provided by an insurer licensed in this state.

11 (6) "Insurance producer" is any person who sells, solicits, or
12 negotiates a contract of insurance or is involved in an insurance
13 transaction as defined in RCW 48.01.060.

14 (7) "Insurer" means a person undertaking to provide life, annuity,
15 or health insurance coverage in this state. For the purposes of this
16 chapter, insurer includes a licensed insurance company, a prepaid
17 hospital or medical care plan, a health maintenance organization, a
18 multiple employer welfare arrangement, a school district or
19 municipality providing a plan of insurance subject to state insurance
20 regulation, or any other person providing a plan of insurance subject
21 to state insurance regulation. "Insurer" does not include a bona fide
22 employee benefit plan established by an employer or an employee
23 organization, or both, for which the insurance laws of this state are
24 preempted pursuant to the employee retirement income security act of
25 1974.

26 (8) "Negotiate" means the act of conferring directly with or
27 offering advice directly to a purchaser or prospective purchaser of a
28 particular contract of insurance concerning any of the substantive
29 benefits, terms, or conditions of the contract, provided that the
30 person engaged in that act either sells insurance or obtains insurance
31 from insurers for purchasers.

32 (9) "Nonresident administrator" means a person who is applying for
33 licensure or is licensed in any state other than the administrator's
34 home state.

35 (10) "Person" means an individual or a business entity.

36 (11) "Sell" means to exchange a contract of insurance by any means,
37 for money or its equivalent, on behalf of an insurance company.

1 (12) "Solicit" means attempting to sell insurance or asking or
2 urging a person to apply for a particular kind of insurance from a
3 particular company.

4 (13) "Underwrites" or "underwriting" includes, but is not limited
5 to, the acceptance of employer or individual applications for coverage
6 of individuals in accordance with the written rules of the insurer; the
7 overall planning and coordinating of an insurance program; and the
8 ability to procure bonds and excess insurance.

9 (14) "Uniform nonresident application" means the current version of
10 the national association of insurance commissioners uniform nonresident
11 application for third party administrators.

12 (15) "Uniform resident application" means the current version of
13 the national association of insurance commissioners uniform application
14 for resident third party administrators.

15 NEW SECTION. **Sec. 2.** (1) No administrator shall act as such
16 without a written agreement between the administrator and the insurer,
17 and the written agreement shall be retained as part of the official
18 records of both the insurer and the administrator for the duration of
19 the agreement and for five years thereafter. The agreement shall
20 contain all provisions required by this chapter, except insofar as
21 those requirements do not apply to the functions performed by the
22 administrator.

23 (2) The written agreement shall include a statement of duties which
24 the administrator is expected to perform on behalf of the insurer and
25 the lines, classes, or types of insurance for which the administrator
26 is to be authorized to administer. The agreement shall make provision
27 with respect to underwriting or other standards pertaining to the
28 business underwritten by the insurer.

29 (3) The insurer or administrator may, with written notice,
30 terminate the written agreement for cause as provided in the agreement.
31 The insurer may suspend the underwriting authority of the administrator
32 during the pendency of any dispute regarding the cause for termination
33 of the written agreement. The insurer shall fulfill any lawful
34 obligations with respect to policies affected by the written agreement,
35 regardless of any dispute between the insurer and the administrator.

36 NEW SECTION. **Sec. 3.** If an insurer utilizes the services of an
37 administrator, the payment to the administrator of any premiums or

1 charges for insurance by or on behalf of the insured party shall be
2 deemed to have been received by the insurer, and the payment of return
3 premiums or claim payments forwarded by the insurer to the
4 administrator shall not be deemed to have been paid to the insured
5 party or claimant until such payments are received by the insured party
6 or claimant. Nothing in this section limits any right of the insurer
7 against the administrator resulting from the failure of the
8 administrator to make payments to the insurer, insured parties, or
9 claimants.

10 NEW SECTION. **Sec. 4.** (1) Every administrator shall maintain and
11 make available to the insurer complete books and records of all
12 transactions performed on behalf of the insurer. The books and records
13 shall be maintained in accordance with prudent standards of insurance
14 recordkeeping and must be maintained for a period of not less than five
15 years from the date of their creation.

16 (2) The commissioner shall have access to books and records
17 maintained by an administrator for the purposes of examination, audit,
18 and inspection. Any documents, materials, or other information in the
19 possession or control of the commissioner that are furnished by an
20 administrator, insurer, insurance producer, or an employee or agent
21 thereof acting on behalf of the administrator, insurer, or insurance
22 producer, or obtained by the commissioner in an investigation shall be
23 confidential by law and privileged, shall not be subject to the records
24 inspection provisions of RCW 42.17.250 through 42.17.348, shall not be
25 subject to subpoena, and shall not be subject to discovery or
26 admissible in evidence in any private civil action. However, the
27 commissioner is authorized to use such documents, materials, or other
28 information in the furtherance of any regulatory or legal action
29 brought as a part of the commissioner's official duties.

30 (3) Neither the commissioner nor any person who received documents,
31 materials, or other information while acting under the authority of the
32 commissioner shall be permitted or required to testify in any private
33 civil action concerning any confidential documents, materials, or
34 information subject to subsection (2) of this section.

35 (4) In order to assist in the performance of his or her duties, the
36 commissioner:

37 (a) May share documents, materials, or other information, including
38 the confidential and privileged documents, materials or information

1 subject to subsection (2) of this section, with other state, federal,
2 and international regulatory agencies, with the national association of
3 insurance commissioners, its affiliates or subsidiaries, and with
4 state, federal, and international law enforcement authorities, provided
5 that the recipient agrees to maintain the confidentiality and
6 privileged status of the document, material, or other information;

7 (b) May receive documents, materials, or information, including
8 otherwise confidential and privileged documents, materials, or
9 information, from the national association of insurance commissioners,
10 its affiliates or subsidiaries, and from regulatory and law enforcement
11 officials of other foreign or domestic jurisdictions, and shall
12 maintain as confidential or privileged any document, material, or
13 information received with notice or the understanding that it is
14 confidential or privileged under the laws of the jurisdiction that is
15 the source of the document, material, or information; and

16 (c) May enter into agreements governing sharing and use of
17 information consistent with this subsection.

18 (5) No waiver of any applicable privilege or claim of
19 confidentiality in the documents, materials, or information shall occur
20 as a result of disclosure to the commissioner under this section or as
21 a result of sharing as authorized in subsection (4) of this section.

22 (6) Nothing in this chapter prohibits the commissioner from
23 releasing final, adjudicated actions including for cause terminations
24 that are open to public inspection pursuant to chapter 42.17 RCW to a
25 data base or other clearinghouse service maintained by the national
26 association of insurance commissioners, its affiliates, or
27 subsidiaries.

28 (7) The insurer shall own the records generated by the
29 administrator pertaining to the insurer. However, the administrator
30 shall retain the right to continuing access to books and records to
31 permit the administrator to fulfill all of its contractual obligations
32 to insured parties, claimants, and the insurer.

33 (8) In the event the insurer and the administrator cancel their
34 agreement, notwithstanding the provisions of subsection (1) of this
35 section, the administrator may, by written agreement with the insurer,
36 transfer all records to a new administrator rather than retain them for
37 five years. In such cases, the new administrator shall acknowledge, in
38 writing, that it is responsible for retaining the records of the prior
39 administrator as required in subsection (1) of this section.

1 NEW SECTION. **Sec. 5.** An administrator may use only advertising
2 pertaining to the business underwritten by an insurer that has been
3 approved in writing by the insurer in advance of its use.

4 NEW SECTION. **Sec. 6.** (1) If an insurer utilizes the services of
5 an administrator, the insurer is responsible for determining the
6 benefits, premium rates, underwriting criteria, and claims payment
7 procedures applicable to the coverage and for securing reinsurance, if
8 any. The rules pertaining to these matters must be provided, in
9 writing, by the insurer to the administrator. The responsibilities of
10 the administrator as to any of these matters shall be set forth in the
11 written agreement between the administrator and the insurer.

12 (2) It is the sole responsibility of the insurer to provide for
13 competent administration of its programs.

14 (3) In cases where an administrator administers benefits for more
15 than one hundred certificate holders on behalf of an insurer, the
16 insurer shall, at least semiannually, conduct a review of the
17 operations of the administrator. At least one such review shall be an
18 on-site audit of the operations of the administrator.

19 NEW SECTION. **Sec. 7.** (1) All insurance charges or premium
20 collected by an administrator on behalf of or for an insurer or
21 insurers, and the return of premium received from that insurer or
22 insurers, shall be held by the administrator in a fiduciary capacity.
23 The funds shall be immediately remitted to the person or persons
24 entitled to them or shall be deposited promptly in a fiduciary account
25 established and maintained by the administrator in a federally or state
26 insured financial institution. The written agreement between the
27 administrator and the insurer shall provide for the administrator to
28 periodically render an accounting to the insurer detailing all
29 transactions performed by the administrator pertaining to the business
30 underwritten by the insurer.

31 (2) If charges or premium deposited in a fiduciary account have
32 been collected on behalf of or for one or more insurers, the
33 administrator shall keep records clearly recording the deposits in and
34 withdrawals from the account on behalf of each insurer. The
35 administrator shall keep copies of all the records and, upon request of
36 an insurer, shall furnish the insurer with copies of the records
37 pertaining to the deposits and withdrawals.

1 (3) The administrator shall not pay any claim by withdrawals from
2 a fiduciary account in which premium or charges are deposited.
3 Withdrawals from the account shall be made as provided in the written
4 agreement between the administrator and the insurer. The written
5 agreement shall address, but not be limited to, the following:

6 (a) Remittance to an insurer entitled to remittance;

7 (b) Deposit in an account maintained in the name of the insurer;

8 (c) Transfer to and deposit in a claims-paying account, with claims
9 to be paid as provided for in subsection (4) of this section;

10 (d) Payment to a group policyholder for remittance to the insurer
11 entitled to such remittance;

12 (e) Payment to the administrator of its commissions, fees, or
13 charges; and

14 (f) Remittance of return premium to the person or persons entitled
15 to such return premium.

16 (4) All claims paid by the administrator from funds collected on
17 behalf of or for an insurer shall be paid only on drafts or checks of
18 and as authorized by the insurer.

19 NEW SECTION. Sec. 8. (1) An administrator shall not enter into an
20 agreement or understanding with an insurer in which the effect is to
21 make the amount of the administrator's commissions, fees, or charges
22 contingent upon savings effected in the adjustment, settlement, and
23 payment of losses covered by the insurer's obligations. This provision
24 shall not prohibit an administrator from receiving performance-based
25 compensation for providing hospital or other auditing services.

26 (2) This section shall not prevent the compensation of an
27 administrator from being based on premiums or charges collected or the
28 number of claims paid or processed.

29 NEW SECTION. Sec. 9. (1) When the services of an administrator
30 are utilized, the administrator shall provide a written notice approved
31 by the insurer to covered individuals advising them of the identity of,
32 and relationship among, the administrator, the policyholder, and the
33 insurer.

34 (2) When an administrator collects funds, the reason for collection
35 of each item must be identified to the insured party and each item must
36 be shown separately from any premium. Additional charges may not be

1 made for services to the extent the services have been paid for by the
2 insurer.

3 (3) The administrator shall disclose to the insurer all charges,
4 fees, and commissions received from all services in connection with the
5 provision of administrative services for the insurer, including any
6 fees or commissions paid by insurers providing reinsurance.

7 NEW SECTION. **Sec. 10.** Any policies, certificates, booklets,
8 termination notices, or other written communications delivered by the
9 insurer to the administrator for delivery to insured parties or covered
10 individuals shall be delivered by the administrator promptly after
11 receipt of instructions from the insurer to deliver them.

12 NEW SECTION. **Sec. 11.** (1) A person shall apply to be an
13 administrator in its home state, upon the uniform resident application
14 and shall receive a certificate of authority or license from the
15 commissioner of its home state, prior to performing any function of an
16 administrator in this state.

17 (2) The uniform resident application shall include or be
18 accompanied by the following information and documents:

19 (a) All basic organizational documents of the applicant, including
20 any articles of incorporation, articles of association, partnership
21 agreement, trade name certificate, trust agreement, shareholder
22 agreement, and other applicable documents and all amendments to such
23 documents;

24 (b) The bylaws, rules, regulations, or similar documents regulating
25 the internal affairs of the applicant;

26 (c) The names, addresses, official positions, and professional
27 qualifications of the individuals who are responsible for the conduct
28 of affairs of the applicant, including all members of the board of
29 directors, board of trustees, executive committee, or other governing
30 board or committee; the principal officers in the case of a corporation
31 or the partners or members in the case of a partnership, association,
32 or limited liability company; any shareholder or member holding
33 directly or indirectly ten percent or more of the voting stock, voting
34 securities, or voting interest of the applicant; and any other person
35 who exercises control or influence over the affairs of the applicant;

36 (d) Annual financial statements or reports, certified by an officer
37 of the applicant and prepared in accordance with generally accepted

1 accounting principles, for the two most recent fiscal years which prove
2 that the applicant has a positive net worth. If the applicant has
3 been in existence for less than two fiscal years, the uniform resident
4 application shall include financial statements or reports, certified by
5 an officer of the applicant and prepared in accordance with generally
6 accepted accounting principles, for any completed fiscal years, and for
7 any month during the current fiscal year for which such financial
8 statements or reports have been completed. The applicant shall also
9 include such other information as the commissioner may require in order
10 to review the current financial condition of the applicant;

11 (e) A statement describing the business plan including information
12 on staffing levels and activities proposed in this state and
13 nationwide. The plan must provide details setting forth the
14 applicant's capability for providing a sufficient number of experienced
15 and qualified personnel in the areas of claims processing,
16 recordkeeping, and underwriting; and

17 (f) Such other pertinent information as may be required by the
18 commissioner.

19 (3) An administrator licensed or applying for licensure under this
20 section shall make available for inspection by the commissioner copies
21 of all contracts with insurers or other persons utilizing the services
22 of the administrator.

23 (4) An administrator licensed or applying for licensure under this
24 section shall produce its accounts, records, and files for examination,
25 and make its officers available to give information with respect to its
26 affairs, as often as reasonably required by the commissioner.

27 (5) The commissioner may refuse to issue a certificate of authority
28 or license if the commissioner determines that the administrator, or
29 any individual responsible for the conduct of affairs of the
30 administrator is not competent, trustworthy, financially responsible,
31 or of good personal and business reputation, or has had an insurance or
32 an administrator certificate of authority or license denied or revoked
33 for cause by any jurisdiction, or if the commissioner determines that
34 any of the grounds set forth in section 14 of this act exists with
35 respect to the administrator.

36 (6) A certificate of authority or license issued under this section
37 shall remain valid, unless surrendered, suspended, or revoked by the
38 commissioner, for so long as the administrator remains in compliance
39 with this chapter.

1 (7) A person is not required to hold either a home state or
2 nonresident certificate of authority or license as an administrator in
3 this state if the person exclusively provides services to one or more
4 bona fide employee benefit plans each of which is established by an
5 employer or an employee organization, or both, and for which the
6 insurance laws of this state are preempted pursuant to the employee
7 retirement income security act of 1974. These persons shall register
8 with the commissioner annually, verifying their status as herein
9 described.

10 (8) An administrator licensed or applying for licensure under this
11 section shall immediately notify the commissioner of any material
12 change in its ownership, control, or other fact or circumstance
13 affecting its qualification for a certificate of authority or license
14 in this state.

15 NEW SECTION. **Sec. 12.** (1) Unless an administrator has obtained a
16 home state certificate of authority or license in this state under
17 section 11 of this act, any administrator who performs administrator
18 duties in this state shall obtain a nonresident administrator
19 certificate of authority or license in accordance with this section by
20 filing with the commissioner the uniform nonresident application,
21 accompanied by a letter of certification. In lieu of requiring an
22 administrator to file a letter of certification with the uniform
23 nonresident application, the commissioner may verify the nonresident
24 administrator's home state certificate of authority or license status
25 through an electronic data base maintained by the national association
26 of insurance commissioners, its affiliates, or subsidiaries.

27 (2) An administrator shall not be eligible for a nonresident
28 administrator certificate of authority or license under this section if
29 it does not hold a certificate of authority as a resident in a home
30 state that has adopted this chapter or a substantially similar law
31 governing administrators.

32 (3) Except as provided in subsections (2) and (8) of this section,
33 the commissioner shall issue to the administrator a nonresident
34 administrator certificate of authority or license promptly upon receipt
35 of a complete application.

36 (4) Unless notified by the commissioner that the commissioner is
37 able to verify the nonresident administrator's home state certificate
38 of authority or license status through an electronic data base

1 maintained by the national association of insurance commissioners, its
2 affiliates, or subsidiaries, each nonresident administrator shall
3 annually file a statement that its home state administrator certificate
4 of authority or license remains in force and has not been revoked or
5 suspended by its home state during the preceding year.

6 (5) At the time of filing the statement required under subsection
7 (4) of this section or, if the commissioner has notified the
8 nonresident administrator that the commissioner is able to verify the
9 nonresident administrator's home state certificate of authority or
10 license status through an electronic data base, on an annual date
11 determined by the commissioner, the nonresident administrator shall pay
12 a filing fee as required by the commissioner.

13 (6) An administrator licensed or applying for licensure under this
14 section shall produce its accounts, records, and files for examination,
15 and make its officers available to give information with respect to its
16 affairs, as often as reasonably required by the commissioner.

17 (7) A nonresident administrator is not required to hold a
18 nonresident administrator certificate of authority or license in this
19 state if the administrator's duties in this state are limited to the
20 administration of a group policy or plan of insurance and the lesser of
21 five percent or one hundred certificate holders under the group policy
22 or plan of insurance reside in this state.

23 (8) The commissioner may refuse to issue a nonresident
24 administrator certificate of authority or license, or delay the
25 issuance of a nonresident administrator certificate of authority or
26 license, if the commissioner determines that, due to events or
27 information obtained subsequent to the home state's licensure of the
28 administrator, the nonresident administrator cannot satisfy the
29 requirements of this chapter, or that grounds exist for the home
30 state's revocation or suspension of the administrator's home state
31 certificate of authority or license. In such an event, the
32 commissioner shall give written notice of its determination to the
33 commissioner of the home state, and the commissioner may delay the
34 issuance of a nonresident administrator certificate of authority to the
35 nonresident administrator until such time, if at all, the commissioner
36 determines that the administrator can satisfy the requirements of this
37 chapter and that no grounds exist for the home state's revocation or
38 suspension of the administrator's home state certificate of authority
39 or license.

1 NEW SECTION. **Sec. 13.** (1) Each administrator licensed under
2 section 11 of this act shall file an annual report for the preceding
3 calendar year with the commissioner on or before July 1st of each year,
4 or within such extension of time therefor as the commissioner for good
5 cause may grant. The report shall be in the form and contain such
6 matters as the commissioner prescribes and shall be verified by at
7 least two officers of the administrator.

8 (2) The annual report shall include the complete names and
9 addresses of all insurers with which the administrator had an agreement
10 during the preceding fiscal year.

11 (3) At the time of filing its annual report, the administrator
12 shall pay a filing fee as required by the commissioner.

13 (4) The commissioner shall review the most recently filed annual
14 report of each administrator, on or before September 1st of each year.
15 Upon completion of its review, the commissioner shall either:

16 (a) Issue a certification to the administrator that the annual
17 report shows that the administrator is solvent and in compliance with
18 existing law, or noting any deficiencies found in such annual report;
19 or

20 (b) Update any electronic data base maintained by the national
21 association of insurance commissioners, its affiliates, or
22 subsidiaries, indicating that the annual report shows that the
23 administrator is solvent and in compliance with existing law, or noting
24 any deficiencies found in such annual report.

25 NEW SECTION. **Sec. 14.** (1) The certificate of authority or license
26 of an administrator shall be denied, suspended, or revoked if the
27 commissioner finds that the administrator:

28 (a) Is in an unsound financial condition;

29 (b) Is using such methods or practices in the conduct of its
30 business so as to render its further transaction of business in this
31 state hazardous or injurious to insured persons or the public; or

32 (c) Has failed to pay any judgment rendered against it in this
33 state within sixty days after the judgment has become final.

34 (2) The commissioner may, in his or her discretion, deny, suspend,
35 or revoke the certificate of authority or license of an administrator
36 if the commissioner finds that the administrator:

37 (a) Has violated any lawful rule or order of the commissioner or
38 any provision of the insurance laws of this state;

1 (b) Has refused to be examined or to produce its accounts, records,
2 and files for examination, or if any of its officers has refused to
3 give information with respect to its affairs or has refused to perform
4 any other legal obligation as to an examination, when required by the
5 commissioner;

6 (c) Has, without just cause, refused to pay proper claims or
7 perform services arising under its contracts or has, without just
8 cause, caused covered individuals to accept less than the amount due
9 them or caused covered individuals to employ attorneys or bring suit
10 against the administrator to secure full payment or settlement of such
11 claims;

12 (d) At any time fails to meet any qualification for which issuance
13 of the certificate could have been refused had such failure then
14 existed and been known to the commissioner;

15 (e) Has had any of its principal directors or officers convicted
16 of, or has entered a plea of guilty or nolo contendere to, a felony
17 without regard to whether adjudication was withheld;

18 (f) Is under suspension or revocation in another state; or

19 (g) Has failed to timely file its annual report pursuant to section
20 13 of this act, if a resident administrator, or its statement and
21 filing fee, as applicable, pursuant to section 12 (4) and (5) of this
22 act, if a nonresident administrator.

23 (3) The commissioner may, in his or her discretion and without
24 advance notice or hearing, immediately suspend the certificate of
25 authority or license of an administrator if the commissioner finds that
26 one or more of the following circumstances exist:

27 (a) The administrator is insolvent or impaired;

28 (b) A proceeding for receivership, conservatorship, rehabilitation,
29 or other delinquency proceeding regarding the administrator has been
30 commenced in any state; or

31 (c) The financial condition or business practices of the
32 administrator otherwise pose an imminent threat to the public health,
33 safety, or welfare of the residents of this state.

34 (4) If the commissioner finds that one or more grounds exist for
35 the suspension or revocation of a certificate of authority or license
36 issued under this section, the commissioner may, in lieu of suspension
37 or revocation, impose a fine upon the administrator.

1 NEW SECTION. **Sec. 15.** Sections 1 through 14 of this act
2 constitute a new chapter in Title 48 RCW.

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