

WSR 24-16-118
PROPOSED RULES
OFFICE OF THE
INSURANCE COMMISSIONER

[Insurance Commissioner Matter R 2024-06—Filed August 5, 2024, 2:01 p.m.]

Original Notice.

Preproposal statement of inquiry was filed as WSR 24-13-082.

Title of Rule and Other Identifying Information: Producer and adjuster licensing requirements.

Hearing Location(s): On September 24, 2024, at 9:00 a.m., virtually via Zoom meeting <https://wa-oic.zoom.us/join/8281451549>. Written comments are due to the office of the insurance commissioner (OIC) by the close of business (5 p.m. PST) on September 26, 2024. Written comments can be emailed to RulesCoordinator@oic.wa.gov.

Date of Intended Adoption: September 30, 2024.

Submit Written Comments to: RulesCoordinator@oic.wa.gov, 302 Sid Snyder Avenue, P.O. Box 40255, Olympia, WA 98504-0255, fax 360-586-3109, by close of business (5:00 p.m. PST) on September 26, 2024.

Assistance for Persons with Disabilities: Contact Katie Bennett, phone 360-725-7013, fax 360-586-2023, TTY 360-586-0241, email Katie.bennett@oic.wa.gov, by September 23, 2024.

Purpose of the Proposal and Its Anticipated Effects, Including Any Changes in Existing Rules: This rule includes both substantive and technical changes to producer and adjuster licensing requirements under chapter 284-17 WAC. It aims to ensure that insurance regulations are clear, relevant, and consistent with Title 48 RCW and the forthcoming National Insurance Producer Registry (NIPR) interface enhancement.

The first substantive change streamlines limited line credit insurance producer licensing by amending WAC 284-17-009. Under this amendment, limited line credit insurance will automatically be included for producers with a life, disability, property, or casualty line of authority, eliminating the need for separate licensing requests.

Another substantive update permits insurance agencies to designate a new responsible licensed producer (DRLP) during the license renewal process if the current DRLP is inactive. This change, addressing a concern raised by the NIPR, amends WAC 284-17-443, which currently restricts new affiliations during the renewal process. This restriction poses issues for agencies with a single affiliate who becomes inactive. Additionally, the rule proposes to amend WAC 284-17-490 (5) (b) to simplify the fee structure for canceling producer licenses, thereby resolving complex fee calculations and preventing delays in the NIPR interface enhancement project.

The proposed rule's technical changes involve removing outdated language in WAC 284-17-720 (2) (b) that exempted crop adjusters from continuing education (CE) requirements, aligning with a 2022 rule mandating CE for all licensed resident adjusters. The rule also eliminates references to prelicensing education (PLE) requirements for insurance producers, following the 2023 law abolishing the PLE requirement. Finally, the rule removes obsolete references to specific dates related to the implementation of required electronic submissions for licensing processes, as all licensing is now conducted electronically.

Reasons Supporting Proposal: The commissioner is considering rule making to ensure producer and adjuster licensing requirements are

clear, relevant, and align with Title 48 RCW and the planned NIPR interface enhancement.

Statutory Authority for Adoption: RCW 48.02.060 (3)(a) and 48.17.005.

Rule is not necessitated by federal law, federal or state court decision.

Name of Proponent: Mike Kreidler, insurance commissioner, governmental.

Name of Agency Personnel Responsible for Drafting: Simon Casson, P.O. Box 40255, Olympia, WA 98504-0255, 360-725-7038; Implementation: Jeff Baughman, P.O. Box 40255, Olympia, WA 98504-0255, 360-725-7156; and Enforcement: Charles Malone, P.O. Box 40255, Olympia, WA 98504-0255, 360-725-7000.

A school district fiscal impact statement is not required under RCW 28A.305.135.

A cost-benefit analysis is required under RCW 34.05.328. A preliminary cost-benefit analysis may be obtained by contacting Simon Casson, P.O. Box 40255, Olympia, WA 98504-0255, phone 360-725-7038, fax 360-586-3109, email policy@oic.wa.gov.

This rule proposal, or portions of the proposal, is exempt from requirements of the Regulatory Fairness Act because the proposal:

Is exempt under RCW 19.85.025(3) as the rules only correct typographical errors, make address or name changes, or clarify language of a rule without changing its effect; and rule content is explicitly and specifically dictated by statute.

Explanation of exemptions: **WAC 284-17-011 Limited line of travel insurance.** The proposed rule amendment aligns existing rules with the law as established by RCW 48.17.090, and chapter 21, Laws of 2023. Chapter 21, Laws of 2023, removed the requirement for prelicensing requirements. This amendment removes reference to prelicensing requirements in the applicable existing regulation. This section is exempt under RCW 19.85.025(3) - provides exclusions under RCW 34.05.310 (4)(e), as it is dictated by statute.

WAC 284-17-720 Crop adjuster license renewal requirements. The proposed rule amendments align the section with a 2022 rule mandating CE for all licensed resident adjusters. This section is exempt under RCW 19.85.025(3) - provides exclusions under RCW 34.05.310(d), as it is only clarifying language of the rule without changing its effect. Rules were already adopted implementing this legislation; however, this reference to CE was missed.

WAC 284-17-735 Limited conversion to crop adjuster license. The proposed rule amendments remove reference to past dates. This section is exempt under RCW 19.85.025(3) - provides exclusions under RCW 34.05.310(d), as it is only clarifying language of the rule without changing its effect. Past dates are being removed for clarity.

WAC 284-17-055 Electronic submission of licensing processes—Implementation dates. Similar to WAC 284-17-735, this proposed rule amendment removes reference to past dates. This section is exempt under RCW 19.85.025(3) - provides exclusions under RCW 34.05.310(d), as it is only clarifying language of the rule without changing its effect. Past dates are being removed for clarity.

Scope of exemption for rule proposal:

Is partially exempt:

Explanation of partial exemptions: Please see information above on the exemptions. The nonexempt sections are examined in section 3.

The proposed rule does not impose more-than-minor costs on businesses. Following is a summary of the agency's analysis showing how costs were calculated. **WAC 284-17-009 Limited line credit insurance.** The proposed rule amendment adds the following section in WAC 284-17-009 Limited line credit insurance, is included as part of any producer license issued with life, disability, property or casualty lines of authority. Currently, producers must have an additional limited line credit license. This has been a source of confusion for prospective licensees seeking a limited line credit insurance license. The addition of this language makes it clear that limited line credit insurance is included as part of any producer license. There are not costs to producers, the consumers, or OIC, other than the rule-making process.

WAC 284-17-443 Renewal of appointments or affiliations. The proposed rule adds language allowing insurance agencies to designate a new DRLP during license renewal if the current DRLP is inactive. This streamlines the process so that the DRLP does not have to renew and then return to the online system after the license has been renewed to add the affiliation. There is no significant cost to this amendment, as it serves as a benefit to the producers and OIC.

WAC 284-17-490 Late renewal or reinstatement. The proposed rule simplifies the fee structure for the cancellation of producer licenses. Currently, if a licensee cancels a license prior to its renewal date and a request to reissue the license is made after the license renewal date, the request is treated like a late renewal or reinstatement and the late fee is calculated from the cancellation date. The proposed amendment changes the late fee calculation to be from the expiration date instead of the cancellation date. Assuming that the cancellation date generally occurs before the expiration date, this amendment would reduce the late fee incurred by a producer seeking to reissue their license after they had previously canceled it. This update will also allow NIPR, a nonprofit organization that provides licensing and compliance resources for producers, to create systems more easily as compared to basing them on the cancellation date of the license. This update will streamline the process for producers and OIC.

Overall, this proposed rule provides a net benefit to impacted entities. OIC has applied a default cost of compliance (\$100) for insurance agencies. Although it is unlikely that this rule would result in even the full default cost of compliance, the minor cost does not exceed any of the thresholds for the insurance producers.

2023 Industry NAICS Code	Estimated Cost of Compliance	Industry Description	Average Number of Employees/Business	Minor Cost Estimate*
524210	\$100.00	Insurance agencies and brokerages	6.3	\$5,432.13

*Minor cost estimate: The greater of 1% of annual payroll or 0.3% of revenue.

A copy of the detailed cost calculations may be obtained by contacting Simon Casson, P.O. Box 40255, Olympia, WA 98504-0255, phone 360-725-7038, fax 360-586-3109, email policy@oic.wa.gov.

August 5, 2024
 Mike Kreidler
 Insurance Commissioner

OTS-5541.2

AMENDATORY SECTION (Amending WSR 11-19-040, filed 9/13/11, effective 10/14/11)

WAC 284-17-009 Limited line credit insurance. Limited line credit insurance is defined at RCW 48.17.010(9).

(1) Insurers must ensure that their licensed and appointed insurance producers who transact the limited line credit insurance are qualified by education or experience to offer their credit insurance products.

(2) The requirements of this chapter for (~~prelicensing and~~) continuing insurance education do not apply to insurance producers that transact only the limited line credit insurance.

(3) Limited line credit insurance is included as part of any producer license issued with life, disability, property, casualty, or personal lines of authority.

AMENDATORY SECTION (Amending WSR 13-06-023, filed 2/27/13, effective 7/1/13)

WAC 284-17-011 Limited line of travel insurance. (1) Travel insurance is a limited line of authority. A person must not sell, solicit, or negotiate travel insurance in this state unless that person is licensed as an insurance producer with the travel limited line of authority or as set forth in subsection (2) of this section.

(2) A business entity acting as a travel insurance producer is required to:

(a) Be licensed as a producer with the travel limited line of authority; and

(b) Designate an individual licensed as a producer with the travel limited line of authority to act as a designated licensed responsible person (DLRP) who is responsible for the business entity's compliance with the laws of this state.

(3) The requirements of this chapter for passing an insurance producer examination and for (~~prelicensing and~~) continuing insurance education do not apply to insurance producers that transact only the limited line of travel insurance.

(4) A travel retailer may offer and disseminate travel insurance on behalf of and under a travel insurance producer business entity license only if the travel insurance producer holds a business entity license, and the travel insurance producer:

(a) Clearly identifies the licensed business entity as the licensed producer on marketing materials and fulfillment packages distributed by travel retailers to customers, identification shall include the entity's name and contact information;

(b) Keeps a register of each travel retailer that offers travel insurance on the licensed business entity's behalf. The register must include the name and contact information of the travel retailer and an officer or person who directs or controls the travel retailer's operations, and the travel retailer's federal tax identification number. The licensed business entity must also certify that the travel retailer registered complies with United States Code, Title 18, section

1033. The licensed business entity must submit the register within ~~((thirty))~~ 30 days upon request by the commissioner;

(c) Complies with the fingerprinting requirements applicable to insurance producers in the resident state of the business entity;

(d) Has paid all applicable insurance producer licensing fees as set forth in Washington state law; and

(e) Requires each employee of the travel retailer whose duties include offering and disseminating travel insurance to receive a program of instruction or training, which is subject to review by the commissioner.

(5) An employee of a travel retailer may sell or offer travel insurance without being individually licensed as an insurance producer if the travel retailer is licensed and acting in compliance with this chapter, and the employees are under the supervision of a licensed travel producer.

(6) A travel retailer whose activities, and those of its employees, are limited to offering and disseminating travel insurance on behalf of and under the direction of a licensed business entity meeting the conditions stated in this section, is authorized to do so, upon registration by the licensed business entity.

(7) As the insurer designee, the travel insurance producer is responsible for the acts and supervision of the travel retailer.

AMENDATORY SECTION (Amending WSR 12-22-020, filed 10/29/12, effective 11/29/12)

WAC 284-17-055 Electronic submission of licensing processes—Implementation dates. (1) ~~((Beginning May 1, 2011, all company appointments including new, renewal, and terminations must be submitted electronically.~~

~~(2) Beginning June 1, 2011, all license renewals, both individual and business entity, must be submitted electronically.~~

~~(3) Beginning July 1, 2011, all applications for licenses, including affiliations, must be submitted electronically.~~

~~(4) Beginning July 1, 2011, all processes determined by the commissioner to be exclusive online))~~ All licensing processes must be completed electronically through the commissioner's website or through a third-party licensing provider. A list of exclusive online licensing processes is available on the commissioner's website at: www.insurance.wa.gov.

~~((5) Beginning February 1, 2013,))~~ (2) All fingerprints for a resident insurance license must be submitted electronically. A list of locations where electronic submission is available can be found on the commissioner's website: www.insurance.wa.gov.

~~((6))~~ (3) The commissioner will no longer print or mail any document generated as part of a licensing process which the commissioner has determined to be an exclusive online licensing process.

AMENDATORY SECTION (Amending WSR 18-22-069, filed 11/1/18, effective 12/17/18)

WAC 284-17-443 Renewal of appointments or affiliations. (1)

When the appointment or affiliation renewal is available online, the insurer or business entity may access and review the list of their appointments or affiliations, remove any licensees from their list, and complete the renewal process by remitting the finalized list and correct fees via electronic submission to the commissioner. New appointments or affiliations may not be added until after the renewal process has been completed, except that a new affiliation may be added during the renewal process to designate a licensed insurance producer responsible for the business entity compliance as required by RCW 48.17.090(3).

(2) The online appointment or affiliation renewal and payment of fees must be completed no later than the renewal date.

AMENDATORY SECTION (Amending WSR 11-04-067, filed 1/28/11, effective 2/28/11)

WAC 284-17-490 Late renewal or reinstatement. If a request for renewal of a license is received by the commissioner after its due date, the licensee must not transact insurance under the license until the renewal or reinstatement is completed.

(1) As a precondition to late renewal or reinstatement of a license, payment of the following late fees, as set forth in RCW 48.17.170 (6) and (7), is required:

Days Late	Surcharge
First 30 days late	50% of the license renewal fee
31-60 days late	100% of the license renewal fee
61 days to ((twelve)) <u>12</u> months late	200% of the license renewal fee

(2) If no request for late renewal is received by the commissioner within ~~((sixty))~~ 60 days after expiration of a license, the license and all associated appointments and affiliations will be terminated. All authority conferred by the license ends on its expiration date.

(3) If a license is expired for more than ~~((sixty))~~ 60 days but less than ~~((twelve))~~ 12 months, a licensee may request its reinstatement. A license is not eligible for reinstatement if the reinstatement application is received by the commissioner more than ~~((twelve))~~ 12 months after its expiration date.

(4) (a) A licensee may request reinstatement of a license without retesting if no more than ~~((twelve))~~ 12 months has passed since the expiration or cancellation date of the license, whichever is earlier. All of the following must accompany the request for reinstatement:

- (i) A completed application for reinstatement;
- (ii) Certificates for ~~((twenty-four))~~ 24 credit hours of continuing insurance education, including three hours of ethics education, completed during the ~~((twenty-four))~~ 24 months prior to the date of application for reinstatement, as set forth in WAC 284-17-224; and

(iii) The fee and surcharge applicable to the reinstatement, as set forth in subsection (1) of this section.

(b) After ~~((twelve))~~ 12 months, the licensee must retake and pass all ~~((applicable prelicensing insurance education courses and the))~~ applicable license examinations. A new license application, including fingerprint card, and all required fees are also required. A new fingerprint card is not required if the licensee has other active licenses or held another license during the past year.

(5) (a) If a licensee cancels a license prior to its renewal date and later asks that it be reissued and the request to reissue is submitted prior to the license renewal date, the licensee must submit an application and must pay the applicable fee prior to the license renewal date.

(b) If a licensee cancels a license prior to its renewal date and a request to reissue the license is made after the license renewal date ~~((but before twelve months after the date the license was cancelled))~~, the request to reissue will be treated as though it were a late renewal or reinstatement and the late fee will be calculated from the ~~((cancellation))~~ expiration date.

(c) If the request to reissue is made more than ~~((twelve))~~ 12 months after the license renewal date, it cannot be reissued.

(d) The renewal date of any reissued license will be on the same renewal cycle as the original license.

(6) Information regarding renewal or reinstatement of a license and the electronic submission process is available at the commissioner's website at: www.insurance.wa.gov.

(7) License renewals and reinstatements may be submitted by licensees that are registered with the commissioner's online services through the website at: www.insurance.wa.gov.

AMENDATORY SECTION (Amending WSR 11-08-016, filed 3/30/11, effective 6/27/11)

WAC 284-17-720 Crop adjuster license renewal requirements. (1) Every licensed crop adjuster adjusting crop insurance losses insured through a federal insurance program must:

(a) Renew their license on or before the expiration of the license; and

(b) On or before February 28th of each year, file with the commissioner a true and accurate copy of documents establishing their certification program completion. Failure to timely file a copy of the documentation with the commissioner is a sufficient basis for the commissioner to suspend, revoke, or refuse to renew a crop adjuster license.

(2) Every licensed crop adjuster adjusting crop losses not insured through a federal crop insurance program ~~((+~~

~~(a))~~ must renew their license on or before the expiration of the license ~~((+ and~~

~~(b) Are not required to take continuing education))~~.

(3) Crop adjusters who do not renew their license prior to the expiration date must pay the surcharge under RCW 48.17.170.

REPEALER

The following section of the Washington Administrative Code is repealed:

WAC 284-17-735 Limited conversion to crop adjuster
license.