

SENATE BILL REPORT

SHB 2405

As Reported By Senate Committee On:
Financial Institutions, Housing & Consumer Protection, February 21, 2006

Title: An act relating to the compensation paid by an insurer to an insurance broker.

Brief Description: Regulating the compensation paid by an insurer to an insurance broker.

Sponsors: House Committee on Financial Institutions & Insurance (originally sponsored by Representatives Kirby and Roach; by request of Insurance Commissioner).

Brief History: Passed House: 2/07/06, 96-0.

Committee Activity: Financial Institutions, Housing & Consumer Protection: 2/21/06 [DPA].

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, HOUSING & CONSUMER PROTECTION

Majority Report: Do pass as amended.

Signed by Senators Fairley, Chair; Berkey, Vice Chair; Benton, Ranking Minority Member; Benson, Brandland, Finkbeiner, Franklin, Keiser, Schmidt and Spanel.

Staff: Joanne Conrad (786-7472)

Background: State law specifies the types of compensation that can be paid by an insurer to insurance agents licensed as brokers regarding property and casualty insurance. Types of compensation include commissions, fees, or a combination thereof.

Summary of Amended Bill: Statutorily-permissible types of insurance agent compensation apply to all insurance, not just property and casualty.

Amended Bill Compared to Original Bill: The amendment clarifies that disclosure is required only when dealing with insurance transactions.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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

Testimony For: This measure is needed, to provide parity of treatment for insurance broker compensation.

Testimony Against: None.

Who Testified: PRO: Mel Sorensen, NAIFA, WA Assoc of Health Underwriters.