**1061 AMS HASE S2325.1 - NOT FOR FLOOR USE**

**HB 1061** - S AMD **225**

By Senator Hasegawa

**PULLED 03/22/2023**

Strike everything after the enacting clause and insert the following:

"**Sec.**  RCW 48.17.090 and 2009 c 162 s 15 are each amended to read as follows:

(1) An individual applying for a resident insurance producer license shall make application to the commissioner on the uniform application and declare under penalty of refusal, suspension, or revocation of the license that the statements made in the application are true, correct, and complete to the best of the individual's knowledge and belief. As a part of or in connection with the application, the individual applicant shall furnish information concerning the applicant's identity, including fingerprints for submission to the Washington state patrol, the federal bureau of investigation, and any governmental agency or entity authorized to receive this information for a state and national criminal history background check. If, in the process of verifying fingerprints, business records, or other information, the commissioner's office incurs fees or charges from another governmental agency or from a business firm, the amount of the fees or charges shall be paid to the commissioner's office by the applicant.

(2) Before approving the application, the commissioner shall find that the individual:

(a) Is at least eighteen years of age;

(b) Has not committed any act that is a ground for denial, suspension, or revocation set forth in RCW 48.17.530;

(c) ((~~Has completed a prelicensing course of study for the lines of authority for which the person has applied;~~

~~(d)~~)) Has paid the fees set forth in RCW 48.14.010; and

((~~(e)~~)) (d) Has successfully passed the examinations for the lines of authority for which the person has applied.

(3) A resident business entity acting as an insurance producer is required to obtain an insurance producer license. Application shall be made using the uniform business entity application, and the individual signing the application shall declare under penalty of refusal, suspension, or revocation of the license that the statements made in the application are true, correct, and complete to the best of the individual's knowledge and belief. Before approving the application, the commissioner shall find that:

(a) The business entity has paid the fees set forth in RCW 48.14.010;

(b) The business entity has designated a licensed insurance producer responsible for the business entity's compliance with the insurance laws and rules of this state; and

(c) The business entity has not committed any act that is a ground for denial, suspension, or revocation set forth in RCW 48.17.530.

(4) A resident business entity acting as a title insurance agent is required to obtain a title insurance agent license. Application shall be made to the commissioner on the uniform business entity application, and the individual submitting the application shall declare under penalty of refusal, suspension, or revocation of the license that the statements made in the application are true, correct, and complete to the best of the individual's knowledge and belief. Before approving the application, the commissioner shall find that the business entity:

(a) Has paid the fees set forth in RCW 48.14.010;

(b) Maintains a lawfully established place of business in this state;

(c) Is empowered to be a title insurance agent under a members' agreement, if a limited liability company, or by its articles of incorporation;

(d) Is appointed as an agent by one or more authorized title insurance companies; and

(e) Has complied with RCW 48.29.155 and 48.29.160.

(5) The commissioner may require any documents reasonably necessary to verify the information contained in an application and may, from time to time, require any licensed insurance producer or title insurance agent to produce the information called for in an application for license.

**Sec.**  RCW 48.17.170 and 2012 c 154 s 5 are each amended to read as follows:

(1) Unless denied licensure under RCW 48.17.530, persons who have met the requirements of RCW 48.17.090 and 48.17.110 shall be issued an insurance producer license. An insurance producer may receive a license in one or more of the following lines of authority:

(a) "Life," which is insurance coverage on human lives, including benefits of endowment and annuities, and may include benefits in the event of death or dismemberment by accident and benefits for disability income;

(b) "Disability," which is insurance coverage for accident, health, and disability or sickness, bodily injury, or accidental death, and may include benefits for disability income;

(c) "Property," which is insurance coverage for the direct or consequential loss or damage to property of every kind;

(d) "Casualty," which is insurance coverage against legal liability, including that for death, injury, or disability or damage to real or personal property;

(e) "Variable life and variable annuity products," which is insurance coverage provided under variable life insurance contracts, variable annuities, or any other life insurance or annuity product that reflects the investment experience of a separate account;

(f) "Personal lines," which is property and casualty insurance coverage sold to individuals and families for primarily noncommercial purposes;

(g) Limited lines:

(i) Surety;

(ii) Limited line credit insurance;

(iii) Travel;

(h) Specialty lines:

(i) Portable electronics;

(ii) Rental car;

(iii) Self-service storage; or

(i) Any other line of insurance permitted under state laws or rules.

(2) Unless denied licensure under RCW 48.17.530, persons who have met the requirements of RCW 48.17.090(4) shall be issued a title insurance agent license.

(3) All insurance producers', title insurance agents', and adjusters' licenses issued by the commissioner shall be valid for the time period established by the commissioner unless suspended or revoked at an earlier date.

(4) Subject to the right of the commissioner to suspend, revoke, or refuse to renew any insurance producer's, title insurance agent's, or adjuster's license as provided in this title, the license may be renewed into another like period by filing with the commissioner by any means acceptable to the commissioner on or before the expiration date a request, by or on behalf of the licensee, for such renewal accompanied by payment of the renewal fee as specified in RCW 48.14.010.

(5) If the request and fee for renewal of an insurance producer's, title insurance agent's, or adjuster's license are filed with the commissioner prior to expiration of the existing license, the licensee may continue to act under such license, unless sooner revoked or suspended, until the issuance of a renewal license, or until the expiration of fifteen days after the commissioner has refused to renew the license and has mailed notification of such refusal to the licensee. If the request and fee for the license renewal are not received by the expiration date, the authority conferred by the license ends on the expiration date.

(6) If the request for renewal of an insurance producer's, title insurance agent's, or adjuster's license and payment of the fee are not received by the commissioner prior to the expiration date, the applicant for renewal shall pay to the commissioner, in addition to the renewal fee, a surcharge as follows:

(a) For the first thirty days or part thereof of delinquency, the surcharge is fifty percent of the renewal fee;

(b) For the next thirty days or part thereof of delinquency, the surcharge is one hundred percent of the renewal fee.

(7) If the request for renewal of an insurance producer's, title insurance agent's, or adjuster's license and fee for the renewal are received by the commissioner after sixty days but prior to twelve months after the expiration date, the application is for reinstatement of the license and the applicant for reinstatement must pay to the commissioner the license fee and a surcharge of two hundred percent of the license fee.

(8) Subsections (6) and (7) of this section do not exempt any person from any penalty provided by law for transacting business without a valid and subsisting license or appointment.

(9) An individual insurance producer, title insurance agent, or adjuster who allows his or her license to lapse may, within twelve months after the expiration date, reinstate the same license without the necessity of passing a written examination.

(10) A licensed insurance producer who is unable to comply with license renewal procedures due to military service or some other extenuating circumstance such as a long-term medical disability, may request a waiver of those procedures. The producer may also request a waiver of any examination requirement or any other fine or sanction imposed for failure to comply with renewal procedures.

(11) The license shall contain the licensee's name, address, personal identification number, and the date of issuance, lines of authority, expiration date, if the licensee has successfully completed prelicensing education courses for their lines of authority, and any other information the commissioner deems necessary.

(12) Licensees shall inform the commissioner by any means acceptable to the commissioner of a change of address within thirty days of the change. Failure to timely inform the commissioner of a change in legal name or address may result in a penalty under either RCW 48.17.530 or 48.17.560, or both.

**Sec.**  RCW 48.02.190 and 2020 c 195 s 2 are each amended to read as follows:

(1) As used in this section:

(a) "Insurance fraud surcharge" means the fees imposed by subsection (2)(b) of this section.

(b) "Organization" means every insurer, as defined in RCW 48.01.050, having a certificate of authority to do business in this state, every health care service contractor, as defined in RCW 48.44.010, every health maintenance organization, as defined in RCW 48.46.020, or self‑funded multiple employer welfare arrangement, as defined in RCW 48.125.010, registered to do business in this state. "Class one" organizations consist of all insurers as defined in RCW 48.01.050. "Class two" organizations consist of all organizations registered under provisions of chapters 48.44 and 48.46 RCW. "Class three" organizations consist of self-funded multiple employer welfare arrangements as defined in RCW 48.125.010.

(c)(i) "Receipts" means (A) net direct premiums consisting of direct gross premiums, as defined in RCW 48.18.170, paid for insurance written or renewed upon risks or property resident, situated, or to be performed in this state, less return premiums and premiums on policies not taken, dividends paid or credited to policyholders on direct business, and premiums received from policies or contracts issued in connection with qualified plans as defined in RCW 48.14.021, and (B) prepayments to health care service contractors, as defined in RCW 48.44.010, health maintenance organizations, as defined in RCW 48.46.020, or participant contributions to self-funded multiple employer welfare arrangements, as defined in RCW 48.125.010, less experience rating credits, dividends, prepayments returned to subscribers, and payments for contracts not taken.

(ii) Participant contributions, under chapter 48.125 RCW, used to determine the receipts in this state under this section are determined in the same manner as premiums taxable in this state are determined under RCW 48.14.090.

(d) "Regulatory surcharge" means the fees imposed by subsection (2)(a) of this section.

(2) The annual cost of operating the office of the insurance commissioner is determined by legislative appropriation.

(a) A pro rata share of the cost, except for the cost of the insurance fraud program, is charged to all organizations as a regulatory surcharge. Each class of organization must contribute a sufficient amount to the insurance commissioner's regulatory account to pay the reasonable costs, including overhead, of regulating that class of organization.

(b) The annual cost of operating the insurance fraud program is charged to all organizations as an insurance fraud surcharge. Each class of organization must contribute a sufficient amount to the insurance commissioner's fraud account to pay the reasonable costs of the program, including overhead.

(3)(a) The regulatory surcharge is calculated separately for each class of organization. The regulatory surcharge collected from each organization is that portion of the cost of operating the insurance commissioner's office, except for the cost of operating the insurance fraud program, for that class of organization, for the ensuing fiscal year that is represented by the organization's portion of the receipts collected or received by all organizations within that class on business in this state during the previous calendar year. However, the regulatory surcharge must not exceed one-eighth of one percent of receipts and the minimum regulatory surcharge is one thousand dollars.

(b) The insurance fraud surcharge collected from each organization is the cost of operating the insurance fraud program for the ensuing fiscal year that is represented by the organization's portion of the receipts collected or received on business in this state during the previous calendar year. However, the insurance fraud surcharge may not exceed one one-hundredths of one percent of receipts and the minimum insurance fraud surcharge is one hundred dollars.

(4) The commissioner must annually, on or before July 1st, calculate and bill each organization for the amount of the regulatory and insurance fraud surcharges. The surcharges are due and payable no later than July 15th of each year. However, if the necessary financial records are not available or if the amount of the legislative appropriation is not determined in time to carry out such calculations and bill the surcharges within the time specified, the commissioner may use the surcharge factors for the prior year as the basis for the surcharges and, if necessary, the commissioner may impose supplemental fees to fully and properly charge the organizations. Any organization failing to pay the surcharges by July 31st must pay the same penalties as the penalties for failure to pay taxes when due under RCW 48.14.060. The surcharges required by this section are in addition to all other taxes and fees now imposed or that may be subsequently imposed.

(5)(a) All moneys collected for the regulatory surcharge must be deposited in the insurance commissioner's regulatory account in the state treasury which is hereby created.

(b) All moneys collected for the insurance fraud surcharge must be deposited in the insurance commissioner's fraud account in the state treasury which is hereby created.

(6) ((~~Unexpended~~)) (a) Except as provided in (b) of this subsection, unexpended funds in the insurance commissioner's regulatory and fraud accounts at the close of a fiscal year are carried forward to the succeeding fiscal year and are used to reduce future regulatory and insurance fraud surcharges.

(b) On July 1st of each fiscal year, the state treasurer shall transfer into the insurance producer prelicensing education account created in section 6 of this act the amount the office of financial management determines is necessary to support the appropriations from the insurance producer prelicensing education account. The total transfers under this subsection may not exceed $2,000,000 for each fiscal biennium.

(7)(a) Each insurer may annually collect regulatory and insurance fraud surcharges remitted in preceding years by means of a policyholder surcharge on premiums charged for all kinds of insurance. The recoupment is at a uniform rate reasonably calculated to collect the regulatory and insurance fraud surcharges remitted by the insurer.

(b) If an insurer fails to collect the entire amount of the recoupment in the first year under this section, it may repeat the recoupment procedure provided for in this subsection (7) in succeeding years until the regulatory and insurance fraud surcharges are fully collected or a de minimis amount remains uncollected. Any such de minimis amount may be collected as provided in (d) of this subsection.

(c) The amount and nature of any recoupment must be separately stated on either a billing or policy declaration sent to an insured. The amount of the recoupment must not be considered a premium for any purpose, including the premium tax or agents' commissions.

(d) An insurer may elect not to collect the regulatory and insurance fraud surcharges from its insured. In such a case, the insurer may recoup the regulatory and insurance fraud surcharges through its rates, if the following requirements are met:

(i) The insurer remits the amount of the surcharges not collected by election under this subsection; and

(ii) The surcharges are not considered a premium for any purpose, including the premium tax or agents' commission.

NEW SECTION. **Sec.**  A new section is added to chapter 48.02 RCW to read as follows:

The commissioner shall make the information on the program established in section 5 of this act available on its public website. Information shall include, but is not limited to, where and how prospective and current resident insurance producers can sign up for prelicensure courses of study for their lines of authority at community and technical colleges. The commissioner shall collect data on requests for information on the program established in section 5 of this act.

NEW SECTION. **Sec.**  A new section is added to chapter 28B.50 RCW to read as follows:

The board shall administer a program to provide prelicensure courses of study for insurance producers in various lines of authority at community and technical colleges throughout the state. The board, or the board's designee, shall collaborate with the office of the insurance commissioner and other relevant stakeholders to develop the program, courses of study, and curriculum. The program courses must be provided in an online format only. When developing the program, the board's goal must be to broaden the diversity of those entering the insurance industry as an insurance producer by removing prelicensing education cost barriers and creating a low-cost pathway to licensure. The board may adopt rules to implement and administer this program.

NEW SECTION. **Sec.**  A new section is added to chapter 28B.50 RCW to read as follows:

The insurance producer prelicensing education account is created in the state treasury. All receipts from the treasurer transfer directed in RCW 48.02.190; legislative appropriations and transfers; federal appropriations and financial assistance; public or private donations, gifts, and grants; and all other moneys directed for deposit into the account must be deposited into the account. Moneys in the account may be spent only after appropriation. Expenditures from the account may be used only for the development and administration of the program in section 5 of this act and to support online prelicensure courses of study for insurance producers at community and technical colleges."

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By Senator Hasegawa

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On page 1, line 1 of the title, after "Relating to" strike the remainder of the title and insert "lowering barriers to prelicensing education requirements for insurance producers in order to bring more diversity to the industry; amending RCW 48.17.090, 48.17.170, and 48.02.190; adding a new section to chapter 48.02 RCW; and adding new sections to chapter 28B.50 RCW."

EFFECT: Changes the title to: "Lowering barriers to prelicensing education requirements for insurance producers in order to bring more diversity to the industry";

Requires information on whether an insurance producer has successfully completed prelicensing education (PLE) courses for their lines of authority to be included on their insurance producer license;

Transfers unexpended funds from the OIC's regulatory and fraud accounts, up to but no more than $2 million a biennium, to support and develop online prelicensing education courses for insurance producers at the community and technical colleges (CTCs);

Requires the state board for community and technical colleges (SBCTC) to collaborate with the OIC, and other relevant stakeholders, to support and develop online prelicensing education courses for insurance producers through the community and technical colleges (CTCs);

Requires the OIC to provide information on the PLE courses available at the CTCs and collect data on requests for information on the program; and

Creates an appropriated account for the purpose of supporting PLE courses at the CTCs.