

HB 1061 - S AMD 225
By Senator Hasegawa

PULLED 03/22/2023

1 Strike everything after the enacting clause and insert the
2 following:

3 **"Sec. 1.** RCW 48.17.090 and 2009 c 162 s 15 are each amended to
4 read as follows:

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

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

- 23 (a) Is at least eighteen years of age;
- 24 (b) Has not committed any act that is a ground for denial,
25 suspension, or revocation set forth in RCW 48.17.530;
- 26 (c) ~~((Has completed a prelicensing course of study for the lines
27 of authority for which the person has applied;~~
- 28 ~~(d))~~ Has paid the fees set forth in RCW 48.14.010; and
- 29 ~~((e))~~ (d) Has successfully passed the examinations for the
30 lines of authority for which the person has applied.

31 (3) A resident business entity acting as an insurance producer is
32 required to obtain an insurance producer license. Application shall

1 be made using the uniform business entity application, and the
2 individual signing the application shall declare under penalty of
3 refusal, suspension, or revocation of the license that the statements
4 made in the application are true, correct, and complete to the best
5 of the individual's knowledge and belief. Before approving the
6 application, the commissioner shall find that:

7 (a) The business entity has paid the fees set forth in RCW
8 48.14.010;

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

12 (c) The business entity has not committed any act that is a
13 ground for denial, suspension, or revocation set forth in RCW
14 48.17.530.

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

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

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

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

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

32 (e) Has complied with RCW 48.29.155 and 48.29.160.

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

38 **Sec. 2.** RCW 48.17.170 and 2012 c 154 s 5 are each amended to
39 read as follows:

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

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

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

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

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

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

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

24 (g) Limited lines:

25 (i) Surety;

26 (ii) Limited line credit insurance;

27 (iii) Travel;

28 (h) Specialty lines:

29 (i) Portable electronics;

30 (ii) Rental car;

31 (iii) Self-service storage; or

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

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

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

1 (4) Subject to the right of the commissioner to suspend, revoke,
2 or refuse to renew any insurance producer's, title insurance agent's,
3 or adjuster's license as provided in this title, the license may be
4 renewed into another like period by filing with the commissioner by
5 any means acceptable to the commissioner on or before the expiration
6 date a request, by or on behalf of the licensee, for such renewal
7 accompanied by payment of the renewal fee as specified in RCW
8 48.14.010.

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

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

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

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

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

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

38 (9) An individual insurance producer, title insurance agent, or
39 adjuster who allows his or her license to lapse may, within twelve

1 months after the expiration date, reinstate the same license without
2 the necessity of passing a written examination.

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

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

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

20 **Sec. 3.** RCW 48.02.190 and 2020 c 195 s 2 are each amended to
21 read as follows:

22 (1) As used in this section:

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

25 (b) "Organization" means every insurer, as defined in RCW
26 48.01.050, having a certificate of authority to do business in this
27 state, every health care service contractor, as defined in RCW
28 48.44.010, every health maintenance organization, as defined in RCW
29 48.46.020, or self-funded multiple employer welfare arrangement, as
30 defined in RCW 48.125.010, registered to do business in this state.
31 "Class one" organizations consist of all insurers as defined in RCW
32 48.01.050. "Class two" organizations consist of all organizations
33 registered under provisions of chapters 48.44 and 48.46 RCW. "Class
34 three" organizations consist of self-funded multiple employer welfare
35 arrangements as defined in RCW 48.125.010.

36 (c) (i) "Receipts" means (A) net direct premiums consisting of
37 direct gross premiums, as defined in RCW 48.18.170, paid for
38 insurance written or renewed upon risks or property resident,
39 situated, or to be performed in this state, less return premiums and

1 premiums on policies not taken, dividends paid or credited to
2 policyholders on direct business, and premiums received from policies
3 or contracts issued in connection with qualified plans as defined in
4 RCW 48.14.021, and (B) prepayments to health care service
5 contractors, as defined in RCW 48.44.010, health maintenance
6 organizations, as defined in RCW 48.46.020, or participant
7 contributions to self-funded multiple employer welfare arrangements,
8 as defined in RCW 48.125.010, less experience rating credits,
9 dividends, prepayments returned to subscribers, and payments for
10 contracts not taken.

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

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

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

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

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

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

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

9 (4) The commissioner must annually, on or before July 1st,
10 calculate and bill each organization for the amount of the regulatory
11 and insurance fraud surcharges. The surcharges are due and payable no
12 later than July 15th of each year. However, if the necessary
13 financial records are not available or if the amount of the
14 legislative appropriation is not determined in time to carry out such
15 calculations and bill the surcharges within the time specified, the
16 commissioner may use the surcharge factors for the prior year as the
17 basis for the surcharges and, if necessary, the commissioner may
18 impose supplemental fees to fully and properly charge the
19 organizations. Any organization failing to pay the surcharges by July
20 31st must pay the same penalties as the penalties for failure to pay
21 taxes when due under RCW 48.14.060. The surcharges required by this
22 section are in addition to all other taxes and fees now imposed or
23 that may be subsequently imposed.

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

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

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

35 (b) On July 1st of each fiscal year, the state treasurer shall
36 transfer into the insurance producer prelicensing education account
37 created in section 6 of this act the amount the office of financial
38 management determines is necessary to support the appropriations from
39 the insurance producer prelicensing education account. The total

1 transfers under this subsection may not exceed \$2,000,000 for each
2 fiscal biennium.

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

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

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

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

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

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

28 NEW SECTION. Sec. 4. A new section is added to chapter 48.02
29 RCW to read as follows:

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

1 NEW SECTION. **Sec. 5.** A new section is added to chapter 28B.50
2 RCW to read as follows:

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

15 NEW SECTION. **Sec. 6.** A new section is added to chapter 28B.50
16 RCW to read as follows:

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

HB 1061 - S AMD 225
By Senator Hasegawa

PULLED 03/22/2023

28 On page 1, line 1 of the title, after "Relating to" strike the
29 remainder of the title and insert "lowering barriers to prelicensing
30 education requirements for insurance producers in order to bring more
31 diversity to the industry; amending RCW 48.17.090, 48.17.170, and
32 48.02.190; adding a new section to chapter 48.02 RCW; and adding new
33 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.

--- END ---