

(5) A county shall submit a reimbursement claim to the department within thirty days of final costs incurred to assure proper handling of the claim.

(6) When a county submits a reimbursement claim, the county shall submit a reimbursement claim to the department of social and health services, offices of accounting services.

(7) If the department's reimbursement appropriation becomes exhausted before the end of a biennium, a county may continue to make a claim for reimbursement. The department may use the reimbursement claim to justify a request for adequate department funding during future biennia.

[Statutory Authority: RCW 43.20A.050. 91-21-027 (Order 3263), § 275-156-025, filed 10/8/91, effective 11/8/91.]

WAC 275-156-030 Exceptions. (1) The secretary may grant exceptions to the rules of this chapter.

(2) A county seeking an exception shall make the exception request using the DSHS exception request Form, DSHS 05-210(X), and file it with the secretary or secretary's designee.

(3) The department will deny a claim which does not follow the rules of this chapter unless the secretary or secretary designee granted an exception before the claim was filed.

[Statutory Authority: RCW 43.20A.050. 91-21-027 (Order 3263), § 275-156-030, filed 10/8/91, effective 11/8/91.]

WAC 275-156-035 Effective date. When a county submits a reimbursement claim according to this chapter, the claim shall be only for costs incurred as defined in this chapter, on or after July 1, 1990.

[Statutory Authority: RCW 43.20A.050. 91-21-027 (Order 3263), § 275-156-035, filed 10/8/91, effective 11/8/91.]

WAC 275-156-040 Audits. The department may audit county reimbursement claims at the department's discretion.

[Statutory Authority: RCW 43.20A.050. 91-21-027 (Order 3263), § 275-156-040, filed 10/8/91, effective 11/8/91.]

Title 284 WAC INSURANCE COMMISSIONER

Chapters

284-02	Description of insurance commissioner's office--Organization operations and obtaining information.
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Chapter 284-02 WAC

DESCRIPTION OF INSURANCE COMMISSIONER'S OFFICE--ORGANIZATION OPERATIONS AND OBTAINING INFORMATION

WAC	
284-02-020	Organization and operations.
284-02-030	Obtaining service of process over foreign and alien insurers.
284-02-070	Hearings of the insurance commissioner.

WAC 284-02-020 Organization and operations. The insurance commissioner is the head of an agency generally referred to as the insurance commissioner's office, and as such is its chief administrative officer. The commissioner's office consists of three major divisions: Administrative, company supervision, and consumer protection. The commissioner may appoint a chief deputy commissioner who has the same powers as are granted to the commissioner. The commissioner may appoint additional deputy commissioners for such purposes as he may designate (RCW 48.02.090). The commissioner may appoint a chief hearing officer who will have primary responsibility for the conduct of hearings, the procedural matters preliminary thereto, and the preservation of hearing records. The position of chief hearing officer does not report to any of the three major divisions of the commissioner's office.

(1) Administrative division.

(a) Licensing and insurance education. Licenses are issued to individuals, partnerships, and corporations to act as insurance agents, brokers, solicitors, adjusters, and premium finance companies. Insurance education and licensing renewal requirements are the responsibility of this section and the content of continuing education programs is supervised by it.

(b) Taxes, fees, and accounting responsibilities. Taxes and fees imposed by the insurance code are collected and processed by the commissioner.

(i) Both domestic and foreign insurers are taxed on gross premium, pursuant to RCW 48.14.020. Fraternal benefit societies and title insurers are not taxed, as provided in chapters 48.36A and 48.14 RCW, respectively. Surplus line insurance is taxed pursuant to the provisions of RCW 48.15.120. Health care service contractors and health maintenance organizations are not taxed. The current rate of taxation is stated at RCW 48.14.020. Under the retaliatory provisions of RCW 48.14.040, if the laws of another state or country impose any taxes, fees, or other obligations in excess of the rate charged a Washington domestic insurer, a like rate or obligation may be imposed by the commissioner.

(ii) Fees paid by insurers (RCW 48.14.010), health care service contractors (RCW 48.44.040), health maintenance organizations (RCW 48.46.140), and agents, brokers, solicitors, and adjusters (chapter 48.17 RCW) are also collected by the administrative division.

(2) Company supervision division. The deputy commissioner for company supervision supervises admission

of all insurers and examines their financial condition and adequacy of their forms and rates.

(a) Admissions of companies. Admission of insurance companies, fraternal benefit societies, health care service contractors, and health maintenance organizations is administered by the company supervision division. Additionally the commissioner, through this division, approves proxy statements of domestic stock companies (RCW 48.08.090), supervises the insider trading law (RCW 48.08.100 through 48.08.170) and control of domestic insurers (chapter 48.31A RCW), registers liability risk retention groups (chapter 48.92 RCW), handles certification of official documents, and approves company names.

(b) Examinations (financial and market conduct). Examination of authorized insurers is regulated by chapter 48.03 RCW. Each domestic insurer and each rating organization and examining bureau licensed in this state is examined as often as the commissioner deems advisable but at least once in every five years. Examinations of advisory organizations and underwriting or reinsurance groups are performed as often as the commissioner deems appropriate. The commissioner may accept the last recent examination of nondomestic insurers. Examiners analyze the insurers' various accounts, records, and files to determine the financial condition of the company and to ascertain whether business is being conducted in conformity with the insurance code and its regulations. Reports of examinations are furnished to the organization, which then has ten days to request a hearing to consider objections to the report. Once the hearing has been held and modifications deemed necessary have been made, the report may then be made public; although the commissioner may withhold the report if it is in the public interest to do so (RCW 48.03.050).

(c) Rates and forms review. The company supervision division approves forms for policies, applications, policy riders, and endorsements (RCW 48.18.110), and may disapprove such forms pursuant to grounds set forth in RCW 48.18.110. Rates for property, surety, and casualty insurance (chapter 48.19 RCW), and title insurance (RCW 48.29.140) are also approved by this division. Rates may not be excessive, inadequate, or unfairly discriminatory (RCW 28.19.020). Additionally, the insurance commissioner may disapprove rates for disability insurance (RCW 48.18.110), for credit insurance (RCW 48.34.100), and long-term care insurance (RCW 48.84-.030), when the rates charged are not reasonable in relation to the benefits conferred. Prima facie acceptable rates have been established for credit insurance (WAC 284-34-010). Contract forms for health care service contractors may be disapproved pursuant to RCW 48.44.020 and health care agreements for health maintenance organizations may be disapproved pursuant to RCW 48.46.060.

(3) Consumer protection division. The deputies in the consumer protection division act as consumer advocates by rendering assistance to consumers who make complaints against insurers. In addition, this division drafts changes to, and interprets issues relative to, the insurance code and its regulations, performs special consumer

advocacy functions relating to education of senior citizens, and investigates licensees to insure compliance with the insurance laws and rules of this state.

(a) Consumer assistance. Code compliance officers, currently located in offices of the insurance commissioner in Olympia, Seattle, Spokane, Tacoma and Yakima, handle written and oral inquiries and complaints from policyholders and claimants. Assistance is rendered by the commissioner pursuant to authority to enforce the various provisions of the insurance code, including RCW 48.02.060, 48.02.080, and 48.02.160, and based on authority to take disciplinary action against an insurance company and other licensees. While the consumer protection division provides assistance to members of the public and tries to resolve complaints concerning insurers and licensees, some matters will involve disputed facts or laws and will have to be resolved in court or arbitration proceedings. The commissioner is not a substitute for the courts.

(b) Regulations and statutes. The consumer protection division evaluates existing statutes and rules, proposes additional legislation, drafts new insurance regulations, and assists in the enforcement of laws and regulations.

(c) Special programs. To help senior consumers find their way through the sometimes confusing maze of state, federal, and private insurance options available to citizens over age sixty, the insurance commissioner sponsors the senior health insurance benefit advisors (SHIBA) program. SHIBA volunteers throughout the state act as unpaid advisors to other seniors in the community, answer basic health insurance questions, and refer people to the proper governmental agency to find solutions to their insurance problems. In order to assure the objectivity of advice given by SHIBA volunteers, the commissioner has determined that no one connected to the SHIBA program may be an active agent of an insurer selling disability insurance policies or contracts in this state.

(d) Investigation and enforcement. Members of the consumer protection division investigate activities of licensees and companies to determine whether corrective action or disciplinary proceedings are needed, and institute proceedings leading to fines, license revocations or suspensions, as appropriate.

(4) Legal assistance from the attorney general. Assistant attorneys general are assigned as needed to the insurance commissioner's office to render legal advice, to represent the commissioner in disciplinary hearings and court cases, and to assist in the drafting of legislation and regulations.

(5) Insurance advisory examining board. An insurance advisory examining board, made up of seven Washington insurance agents or brokers who have been licensed in this state for at least five years, has the power to recommend general policy concerning the scope, content, procedure, and conduct of examinations to be given for licensees as insurance agents, brokers, or solicitors (RCW 48.17.135).

[Statutory Authority: RCW 48.02.060 (3)(a). 91-17-013 (Order R 91-5), § 284-02-020, filed 8/13/91, effective 9/13/91. Statutory Authority: RCW 48.02.060 and 48.02.160(3). 90-17-058 (Order R 90-

8), § 284-02-020, filed 8/14/90, effective 9/14/90. Statutory Authority: RCW 48.02.060 (3)(a), 88-23-079 (Order R 88-10), § 284-02-020, filed 11/18/88; Order R-68-6, § 284-02-020, filed 8/23/68, effective 9/23/68.]

WAC 284-02-030 Obtaining service of process over foreign and alien insurers. (1) Although domestic insurers are served with legal process personally, the insurance commissioner is the party on whom service of process should be made on all foreign and alien insurers, whether authorized to transact business in this state or not. The exact procedures are set forth in the applicable statutes. Service of process against authorized foreign and alien insurers, other than surplus line insurers, must be made pursuant to RCW 48.05.200 and 48.05.210. RCW 48.05.220 specifies the proper venue for such actions. Service of process against surplus line insurers can be made on the commissioner, pursuant to the procedures set forth in RCW 48.05.215 and 48.15.150. (A surplus lines insurer markets coverage which cannot be procured in the ordinary market from authorized insurers.) Service of process against other unauthorized insurers may be made on the commissioner, pursuant to the procedures set forth in RCW 48.05.215.

(2) Where service of process against a foreign or alien insurer is made through service upon the commissioner pursuant to RCW 48.05.210 or 48.05.215, such service must be made by personal service at, or by registered mail sent to, the Olympia, Washington office of the insurance commissioner, and otherwise comply with the requirements of the applicable statute. Service upon a branch office is not permissible and will not be accepted. Pursuant to RCW 1.12.060, whenever the use of "registered" mail is called for, "certified" mail with return receipt requested, may be used.

[Statutory Authority: RCW 48.02.060 (3)(a), 91-17-013 (Order R 91-5), § 284-02-030, filed 8/13/91, effective 9/13/91; 88-23-079 (Order R 88-10), § 284-02-030, filed 11/18/88; Order R-68-6, § 284-02-030, filed 8/23/68, effective 9/23/68.]

WAC 284-02-070 Hearings of the insurance commissioner. (1) Hearings of the insurance commissioner's office are conducted according to chapter 48.04 RCW and the Administrative Procedure Act (chapter 34.05 RCW). Two types of hearings are conducted: Rule-making hearings and adjudicative proceedings or contested case hearings, the latter including appeals from disciplinary actions taken by the commissioner. Under RCW 48.04.010 the commissioner is required to hold a hearing upon demand by any person aggrieved by any act, threatened act, or failure of the commissioner to act, if such failure is deemed an act under the code, or by any report, promulgation, or order of the commissioner other than an order on a hearing of which such person was given actual notice or at which such person appeared as a party, or order pursuant to the order on such hearing. Requests for hearings must be made in writing to the commissioner at his Olympia office, must specify how the person making the demand has been aggrieved by the commissioner, and the demand must specify the grounds to be relied upon as the basis for the relief sought.

(2) Contested cases or adjudicative proceedings.

(a) Provisions specifically relating to disciplinary action taken against insurance agents, brokers, solicitors, or adjusters are contained in RCW 48.17.530, 48.17.540, 48.17.550, and 48.17.560. Provisions applicable to other adjudicative proceedings are contained in chapter 48.04 RCW and the Administrative Procedure Act (chapter 34.05 RCW). The uniform rules of practice and procedure which appear in Title 10 of the Washington Administrative Code, govern procedures not contained in the statutes. The grounds for disciplinary action against insurance agents, brokers, solicitors, and adjusters are contained in RCW 48.17.530; grounds for similar action against insurance companies are contained in RCW 48.05.140, grounds for actions against fraternal benefit societies are found at RCW 48.36A.300 (domestic) and RCW 48.36A.310 (foreign), grounds for action against health care service contractors are contained in RCW 48.44.160, and grounds for action against health maintenance organizations are contained in RCW 48.46.130. These statutes provide that the insurance commissioner may suspend or revoke a licensee's license, or the certificate of authority or registration of an insurer, fraternal benefit society, health care service contractor, or health maintenance organization. In addition, the commissioner may generally levy fines against those licensees and organizations.

(b) Adjudicative proceedings or contested case hearings of the insurance commissioner are informal in nature, and formal rules of pleading and evidence are not required. The commissioner may delegate to any deputy the authority to hear and determine the matter pursuant to RCW 48.02.100 or may utilize the services of an administrative law judge in accordance with chapter 34.12 RCW and the Administrative Procedure Act (chapter 34.05 RCW). The hearing will be recorded by any method chosen by the presiding officer. Except as required by law, the commissioner's office is not required, at its expense, to prepare a transcript. Any party, at the party's expense, may cause a reporter approved by the commissioner to prepare a transcript from the agency's record, or cause additional recordings to be made during the hearing if, in the opinion of the presiding officer, the making of the additional recording does not cause distraction or disruption. If appeal from the commissioner's order is made to the superior court, the recording of the hearing will be transcribed, and certified to the court. The commissioner allows any person affected by the hearing to be present during the giving of all testimony and will allow the aggrieved person a reasonable opportunity to inspect all documentary evidence, to examine witnesses and to present evidence. Any person heard must make full disclosure of the facts pertinent to the inquiry.

(c) Unless a person aggrieved by an order of the commissioner demands a hearing thereon within ninety days after receiving notice of such order, or in the case of licensees, within ninety days after the commissioner has mailed the order to the licensee at the most recent address shown in the commissioner's licensing records, the

right to such a hearing shall conclusively be deemed to have been waived (RCW 48.04.010(3)).

(3) **Rule-making hearings.** Rule-making hearings of the insurance commissioner are conducted pursuant to the Administrative Procedure Act (chapter 34.05 RCW), chapter 34.08 RCW (the State Register Act), and chapter 48.04 RCW. Under applicable law all interested parties must be afforded an opportunity to express their views concerning a proposed regulation of the insurance commissioner's office, either orally or in writing. Notice of intention of the insurance commissioner to adopt a proposed rule or regulation is published in the state register, is sent to anyone who has requested notice in advance, and to persons whom the commissioner determines would be particularly interested in the proceeding.

[Statutory Authority: RCW 48.02.060 (3)(a). 91-17-013 (Order R 91-5), § 284-02-070, filed 8/13/91, effective 9/13/91; 88-23-079 (Order R 88-10), § 284-02-070, filed 11/18/88; Order R-68-6, § 284-02-070, filed 8/23/68, effective 9/23/68.]

Chapter 284-12 WAC AGENTS, BROKERS AND ADJUSTERS

WAC

284-12-090	When general agent may accept applications from nonappointed agents.
284-12-095	Unfair practice with respect to use of general agent defined.

WAC 284-12-090 When general agent may accept applications from nonappointed agents. (1) If so empowered, in writing, by an authorized insurer, its general agent licensed pursuant to RCW 48.05.310 may accept applications for insurance from licensed agents who are not appointed by such insurer but who are licensed for the kind of insurance involved, where the risk involved is placed in a nonstandard or specialty market of such insurer. Nothing in this section restricts the right of brokers to submit applications to general agents.

(2) A nonstandard or specialty market is one for other than life or disability insurance which provides coverage for risks which are not ordinarily insured by a majority of insurers authorized to write such risks and which are of such type that an agent licensed for the kind of insurance involved will have such infrequent demands to obtain the coverage that appointment of the agent to represent the insurer is not justified.

(3) Before accepting an application from a nonappointed agent, the general agent shall furnish the nonappointed agent with written instructions setting forth the agent's authority, emphasizing the limited nature thereof, and specifically stating that the agent has no authority to bind an insurance risk on behalf of the insurer for which the general agent is acting. The instructions shall set forth the procedures to be followed by the agent, and identify the nonstandard or specialty business as to which the agent may take applications, the application forms which are to be used, and the material which may be used to write the business, which may include underwriting criteria and rates. The instructions

shall be signed by the general agent and the nonappointed agent shall sign the instructions to acknowledge their receipt and acceptance. Both the general agent and nonappointed agent shall retain copies of such instructions and make copies available to the commissioner upon request.

(4)(a) Unless otherwise instructed by the general agent, in writing, the nonappointed agent shall submit only an applicant's check, draft, or money order endorsed or payable to the insurer or its general agent, in payment of premium, and shall forward it with the application to the general agent. If the general agent permits the nonappointed agent to receive cash or other payment of premium from the applicant, it shall be deposited in a separate premium account of the nonappointed agent, and be maintained and disbursed, in the same manner as with other premiums received by the agent.

(b) The nonappointed agent shall promptly provide a receipt to the applicant for any payment received which shall be dated, identify the agent and the agent's address, identify the person by or for whom payment is made, state the amount received, identify the applicable insurer by its full legal name, identify the coverage for which application is made, include or be accompanied with a disclaimer of binding authority, and briefly explain that an application for insurance is being made by the agent to the general agent (who shall be identified) to assist the applicant or prospective insured to obtain insurance coverage. The receipt need not be an independent document. The information required in the receipt may be incorporated in an application and serve in lieu of a separate receipt, if a copy of such application is given to the applicant or prospective insured when payment is received by the nonappointed agent.

(5) By permitting its general agent to accept business from a nonappointed agent pursuant to RCW 48.05.310 and this section, the nonappointed agent becomes the representative of the insurer to the extent that the services of the nonappointed agent are utilized in the transaction of insurance for which application is made or is to be made to the insurer. In accord therewith, it is the intent of this subsection that:

(a) The insurer will be deemed to have received any premiums paid by the applicant or insured to the nonappointed agent.

(b) Return premiums or claim payments delivered by the insurer or general agent to the nonappointed agent shall not be deemed to have been paid to the insured or claimant until such payments are received by the insured or claimant.

(6) Such business as is permitted by this section shall not be bound by the nonappointed agent. The application shall have printed thereon or have attached thereto a prominent notice advising the applicant that the agent has no authority to bind coverage and shall include a statement informing the applicant as to when and how the coverage applied for will be bound. Applicants shall sign or initial such notice to indicate that it has been brought to their attention, and shall be given a copy of such application with such notice. The name, address,

and telephone number of the general agent shall be set forth in the application.

(7) Except as provided in subsection (8) of this section, a nonappointed agent's activities with respect to the insurance obtained under this section shall be limited to its procurement through the submission of the application as herein provided. When coverage is bound, the insured shall be notified by the insurer or its general agent of the person or entity with whom the insured should deal relative to future transactions, such as requesting policy changes, paying premiums, renewing the policy, or reporting claims.

(8) If the insurer elects to utilize the services of the nonappointed agent relative to transactions pertaining to the policy which occur after its procurement, including receipt of premiums from the insured, its general agent may file notice with the commissioner that the nonappointed agent is granted a limited appointment permitting such agent to act on behalf of the insurer with respect to insurance placed through the general agent pursuant to RCW 48.05.310(3) and this section.

(a) Such notice shall identify the insurer, the general agent, and the agent, including the agent's "PIC code" license identification number used by the commissioner, and specifically state that such agent is authorized to act for the insurer with respect to nonstandard or specialty insurance placed through the general agent pursuant to RCW 48.05.310 and this section.

(b) Such limited appointment or authorization shall continue in force, dependent upon the agent continuing to have an agent's license for the kind of insurance involved, until the commissioner receives written notice from the insurer, the general agent or the nonappointed agent that it is terminated.

(c) Under current statutes, the cost for filing the notice with respect to each nonappointed agent will be a one-time fee of five dollars. Upon receipt of the filing, the commissioner will enter the information into the licensing records pertaining to the agent and the general agent. It is anticipated that a list of the nonappointed agents having limited authorization to represent an insurer will be sent to the appropriate general agent on an annual basis to assist in maintaining an accurate and current list.

(d) It is the responsibility of the insurer and its general agent to keep insureds informed in a timely manner with respect to the persons authorized to act on behalf of the insurer. A nonappointed agent, with or without the limited authority permitted by this section, shall not be considered a broker or representative of the insured. By using such agent, the insurer accepts, as a general rule, that the agent's acts are those of the insurer and that the knowledge such agent obtains is imputed to the insurer. A notice relative to the insurance given to such agent is not notice to the insured.

(9) Records of each transaction resulting from the operation of this section shall be maintained by the nonappointed agent and by the general agent, and shall specifically include all of the following:

(a) Identification of the insured or prospective insured, insurer, general agent, and nonappointed agent,

whether or not insurance is actually procured, and including, in the case of the nonappointed agent's records, identity of any applicant or prospective insured who pays premium to such agent in expectation of obtaining insurance from an insurer which has not appointed the agent, whether or not an application is submitted.

(b) A brief description of the subject of the insurance, the policy number, date coverage commences, and the amount of premium paid or to be paid.

(c) Copies of the documents utilized by the licensee in each transaction.

(10) For purposes of this section an "insurance transaction" or the "transaction of insurance" or "transacting insurance," or similar forms of those words includes any:

(a) Solicitation.

(b) Negotiations preliminary to execution.

(c) Execution of an insurance contract.

(d) Transaction of matters subsequent to execution of the contract and arising out of it.

(e) Insuring.

(11) A failure to comply with this section shall be an unfair or deceptive act or practice and an unfair method of competition in the conduct of the business of insurance, pursuant to RCW 48.30.010, and a violation of a regulation pursuant to RCW 48.05.140 and 48.17.530.

[Statutory Authority: RCW 48.02.060, 48.05.310, 48.30.010 and 48.15.080. 91-23-032 (Order R 91-7), § 284-12-090, filed 11/13/91, effective 1/1/92.]

WAC 284-12-095 Unfair practice with respect to use of general agent defined. It is an unfair or deceptive practice and an unfair method of competition pursuant to RCW 48.30.010 for an authorized insurer to cancel or refuse to renew any insurance policy because its contract or arrangement with a general agent or a nonappointed agent through whom such policy was written has been terminated.

[Statutory Authority: RCW 48.02.060, 48.05.310, 48.30.010 and 48.15.080. 91-23-032 (Order R 91-7), § 284-12-095, filed 11/13/91, effective 1/1/92.]

Chapter 284-15 WAC SURPLUS LINE INSURANCE

WAC
284-15-080 Relationship between surplus line broker and insurance agent.

WAC 284-15-080 Relationship between surplus line broker and insurance agent. When a surplus line broker accepts surplus line business from an insurance agent, as permitted by RCW 48.15.080, such agent does not thereby become the representative of the insured with respect to such business. In accord therewith:

(1) Return premiums or claim payments delivered by the surplus line broker to the insurance agent shall not be deemed to have been paid to the insured or claimant until such payments are received by the insured or claimant.

(2) Delivery of notices involving the insurance, such as cancellation or renewal notices, shall not be deemed

to have been made until received by the insured. Notice to the agent is not notice to the insured. However, the agent may act on behalf of the broker in giving proper notices to the insured.

[Statutory Authority: RCW 48.02.060, 48.05.310, 48.30.010 and 48.15.080. 91-23-032 (Order R 91-7), § 284-15-080, filed 11/13/91, effective 1/1/92.]

Chapter 284-17 WAC

LICENSING REQUIREMENTS AND PROCEDURES

WAC

284-17-515	Waiver of the prelicense education requirement.
284-17-551	Statutes and regulations curriculum.
284-17-552	Life insurance curriculum.
284-17-553	Disability insurance curriculum.
284-17-554	Casualty insurance curriculum.
284-17-555	Property insurance curriculum.

WAC 284-17-515 Waiver of the prelicense education requirement. Any person with documented insurance education or licensed experience that meets or exceeds the requirements of subsections (1) or (2) of this section as applicable, may file a written petition with the commissioner for a waiver of the prelicense education requirement. Any person who believes that a prelicense education course is unavailable to her or him may file a written petition with the commissioner for permission to undertake self-study in accordance with provisions of subsection (3) of this section.

(1) **EQUIVALENT EDUCATION.** A written waiver, based on documentation of equivalent education, may be granted by the commissioner in lieu of the certificate of completion for the purpose of complying with the prelicense education requirement, provided that the insurance education was completed within the twelve months immediately preceding the petition for waiver; and the petitioner demonstrates that the materials and/or classes required to complete such insurance education meet or exceed the curriculum prescribed by WAC 284-17-552 through 284-17-555 for each applicable line.

(a) An equivalent education in insurance may be demonstrated by a course syllabus and the student's transcript from an accredited college, university, or a course of study recognized as a mark of distinction by the insurance industry and deemed by the commissioner to be fully qualified and competent.

(b) The commissioner retains the discretion to determine whether a petitioner has presented sufficient evidence that her or his "equivalent" education merits a waiver of the prelicense education requirement.

(c) Prior to the petitioner's participation in the insurance agent's license examination, the petition must be submitted and the commissioner's written waiver must be issued.

(d) A waiver is valid for twelve months from the date signed by the commissioner. A waiver of the applicable insurance line curriculum requirement is not a waiver of the insurance statutes and regulations curriculum requirement, or of any other requirement prescribed by the

commissioner for insurance license examination eligibility.

(2) **LICENSED EXPERIENCE.** A written waiver from the prelicense education requirement for life, disability, casualty, or property insurance as defined respectively by WAC 284-17-552, 284-17-553, 284-17-554, or 284-17-555 may be granted by the commissioner to any person who can demonstrate that (a) he or she has been licensed within the previous ninety days for the same line or lines of insurance in another state and that (b) he or she was licensed continuously for at least two years. Such waiver is not a waiver of Washington's statutes and regulations curriculum as defined in WAC 284-17-551.

(3) **UNAVAILABILITY.** Any person who believes that a prelicense education course is unavailable to her or him may file a written petition with the commissioner for permission to undertake self-study. Written permission to undertake self-study of the prelicense education curricula, based on a showing of the unavailability of an approved prelicense education course, may be granted by the commissioner provided that the petition shall specify in detail the reasons why a prelicense education course for the identified line of insurance is unavailable, and shall identify with particularity the materials to be used to study the prescribed curricula. The petitioner shall demonstrate that the materials cover the curriculum prescribed for Washington insurance statutes and regulations as well as the curriculum prescribed for that line.

(a) The commissioner retains the discretion to determine whether the petitioner has presented sufficient cause to justify a grant of permission to self-study the prelicense curriculum.

(b) If the commissioner grants permission to self-study, such study must be completed within twelve months of the grant. Upon completion of study, the petitioner shall present to the commissioner a certified statement in which the self-study materials that have been utilized are identified, and in which the amount of time spent in study is clearly recorded by dates and clock times as covering at least the prelicense education hour requirement.

(c) Upon the petitioner's satisfactory completion of the approved program of self-study, the commissioner will issue a certificate of completion of approved self-study.

[Statutory Authority: RCW 48.02.060 and 48.17.150. 91-12-032 (Order R 91-2), § 284-17-515, filed 6/3/91, effective 7/4/91. Statutory Authority: RCW 48.02.060 and 48.17.070. 89-01-055 (Order R 88-14), § 284-17-515, filed 12/16/88.]

WAC 284-17-551 Statutes and regulations curriculum. Every prelicense education course shall incorporate study of the:

- (1) Nature of insurance:
 - (a) Definition of insurance; insurance transaction;
 - (b) Insurer;
 - (c) Public interest;
 - (d) Risk management;
 - (e) Law of large numbers;
 - (f) Indemnification.

- (2) Insurance commissioner:
 - (a) Authority and duties;
 - (b) Broad powers;
 - (c) Rate and form filings;
 - (d) Examination of records;
 - (e) Penalties;
 - (f) Notice of hearing;
 - (g) Examinations:
 - (i) Insurers' financial status;
 - (ii) License applicant's qualifications.
 - (h) Hearings and appeals;
 - (i) Public access to records.
- (3) Insurers:
 - (a) Definitions:
 - (i) Domestic, foreign, alien;
 - (ii) Life, disability – stock, mutual, fraternal;
 - (iii) Property, casualty, vehicle, surety – stock, mutual, reciprocal, Lloyds;
 - (iv) Authorized, unauthorized insurers; certificate of authority.
 - (b) Financial status:
 - (i) Mergers, insider trading;
 - (ii) Rehabilitation, liquidation; Washington Insurance Guaranty Associations.
 - (c) Insuring powers – defining the separate lines;
 - (d) Assets and liabilities:
 - (i) Investments;
 - (ii) Reserves.
 - (e) Fees and taxes.
 - (4) The insurance contract:
 - (a) General provisions;
 - (b) Exclusions and limitations;
 - (c) Insured;
 - (d) Cancellation and nonrenewal;
 - (e) Premium;
 - (f) Binder.
 - (5) Agents, brokers, solicitors, adjusters:
 - (a) Company appointment or affiliation:
 - (i) Purpose, contractual authority, and liability;
 - (ii) Termination.
 - (b) Types of licenses:
 - (i) Exemptions;
 - (ii) Limited lines;
 - (iii) Temporary;
 - (iv) Nonresident;
 - (v) Authority and liability under the regulation:
 - (A) Solicitor;
 - (B) Agent;
 - (C) Broker;
 - (D) Surplus lines broker;
 - (E) Adjuster: Independent, public.
 - (6) Major lines:
 - (a) Life insurance;
 - (b) Disability insurance;
 - (c) Property insurance;
 - (d) Casualty insurance.
 - (7) Other lines:
 - (a) Vehicle insurance;
 - (b) Surety;
 - (c) Credit life and credit accident/health;
 - (d) Travel insurance.
 - (8) Penalties for noncompliance:
 - (a) Refusal/nonrenewal;
 - (b) Suspension/revocation;
 - (c) Fines;
 - (9) Maintenance and duration of license:
 - (a) Appointments/terminations of appointments;
 - (b) Renewal procedures;
 - (10) Licensing requirements:
 - (a) Purpose;
 - (b) Licensing procedures:
 - (i) Resident;
 - (ii) Nonresident.
 - (iii) Temporary license.
 - (c) Continuing education; renewal procedures:
 - (i) Penalties for misconduct;
 - (ii) Exemption from the licensing requirement.
 - (iii) Temporary license.
 - (11) Agent responsibilities:
 - (a) Recordkeeping;
 - (b) Reply promptly to inquiry by the commissioner; notify the commissioner of a change of address;
 - (c) Application completion;
 - (d) Policy delivery;
 - (e) Separate account requirement;
 - (f) Premium accountability;
 - (g) Fiduciary accountability.
 - (12) Compensation of licensees:
 - (a) Sharing commissions;
 - (b) Charges for extra services.
 - (13) Protection of public interest.
 - (14) Unfair practices:
 - (a) Advertising, comparisons, and defamation;
 - (b) Charges, inducements, rebating;
 - (c) Misrepresentation;
 - (d) Twisting;
 - (e) Illegal dealing in premiums;
 - (f) Illegal inducements;
 - (g) Failure to issue proper receipts;
 - (h) Unfair claims methods and trade practices;
 - (i) Broker's fees disclosed;
 - (j) Penalties;
 - (k) Discrimination.

[Statutory Authority: RCW 48.02.060 and 48.17.150. 91-12-033 (Order R 91-3), § 284-17-551, filed 6/3/91, effective 7/4/91. Statutory Authority: RCW 48.02.060 and 48.17.070. 89-01-055 (Order R 88-14), § 284-17-551, filed 12/16/88.]

WAC 284-17-552 Life insurance curriculum. (1)

Life insurance needs:

- (a) Monetary value of human life;
- (b) Social security:
 - (i) Contributions;
 - (ii) Qualification and restrictions;
 - (iii) Benefit periods;
 - (iv) Blackout period.
- (c) Federal government employee/military benefits/railroad retirement benefits;
- (d) Needs analysis:
 - (i) Premature death/retirement;
 - (ii) Theory of decreasing need;
 - (iii) Earnings approach, depletion approach;

- (iv) Capital retention/estate conservation;
- (v) Mortality/life expectancy tables.
- (2) Types of individual life insurance:
 - (a) Term insurance policies:
 - (i) General nature;
 - (ii) Basic types of term contracts;
 - (iii) Special features;
 - (iv) Level, decreasing or increasing benefit.
 - (A) Renewability;
 - (B) Convertibility;
 - (C) Reentry.
 - (b) Whole life insurance:
 - (i) General nature;
 - (ii) Economic values of whole life;
 - (c) Basic types of whole life contracts:
 - (i) Straight (ordinary) life;
 - (ii) Limited pay life;
 - (iii) Endowment insurance.
 - (d) Universal life:
 - (i) General nature;
 - (ii) Features and characteristics;
 - (iii) Fixed versus variable.
 - (e) Single premium whole life:
 - (i) Fixed;
 - (ii) Variable.
 - (3) Premium variations:
 - (a) Single;
 - (b) Level;
 - (c) Adjustable;
 - (d) Modified;
 - (e) Graded.
 - (4) Annuities:
 - (a) The annuity principle;
 - (b) Nature and purpose;
 - (c) Premium-payment method:
 - (i) Single;
 - (ii) Fixed installment;
 - (iii) Flexible.
 - (d) Tax-qualified plans; nonqualified plans;
 - (e) Fixed versus variable benefits;
 - (f) When benefits begin;
 - (g) Number of lives covered;
 - (h) Payout options:
 - (i) Period certain;
 - (ii) Interest only;
 - (iii) Fixed/variable.
 - (i) Guarantee prior to annuity starting date;
 - (j) Guarantee of minimum total benefit:
 - (i) Straight (pure) life annuity;
 - (ii) Annuity with period certain;
 - (iii) Cash or installment refund annuity.
 - (5) Other life insurance products:
 - (a) Keogh (HR-10) plan;
 - (b) Individual retirement account (IRA);
 - (c) Simplified employee pension plan (SEP);
 - (d) Key person;
 - (e) Buy-sell;
 - (f) Executive bonus;
 - (g) Split dollar;
 - (h) Tax sheltered annuity.
 - (6) Group life insurance:
 - (a) Types of contracts:
 - (i) Term, including survivorship;
 - (ii) Contracts with permanent benefits;
 - (iii) Credit or mortgage life.
 - (b) Group underwriting principles;
 - (c) Master policy and certificates;
 - (d) Conversion rights and limitations.
 - (7) Combination policies and variations in basic forms:
 - (a) Double or triple indemnity;
 - (b) Term riders;
 - (c) Family policies/riders;
 - (d) Family income, family maintenance;
 - (e) Retirement income;
 - (f) Face amount plus cash value/return of premium;
 - (g) Mortgage protection.
 - (h) Joint life;
 - (i) Last survivor;
 - (j) Juvenile;
 - (k) Adjustable life;
 - (l) Variable life.
 - (8) Policy provisions, options, and other features:
 - (a) General provisions and clauses;
 - (i) Insuring agreement/consideration;
 - (ii) Owner/applicant/insured;
 - (iii) Assignment;
 - (iv) Entire contract;
 - (v) Incontestability;
 - (vi) Grace period/reinstatement;
 - (vii) Misstatement of age or sex;
 - (viii) Suicide;
 - (ix) War;
 - (x) Aviation;
 - (xi) Free look;
 - (xii) Representations;
 - (xiii) Uniform Simultaneous Death Act;
 - (xiv) Settlement on proof of death;
 - (xv) Morbidity and mortality tables;
 - (xvi) Age, health, marital status, occupation;
 - (xvii) Loan provisions: Nature, interest, automatic premium loan.
 - (9) Life insurance statutes and regulations:
 - (a) Disclosure;
 - (b) Fair Credit Reporting Act;
 - (c) Replacement;
 - (d) Washington Life and Disability Insurance Guaranty Association;
 - (e) Fraternal benefit society;
 - (f) Standard nonforfeiture law.
 - (10) Policy riders:
 - (a) Policy loan provision;
 - (b) Automatic premium loan;
 - (c) Waiver of premium;
 - (d) Guaranteed insurability;
 - (e) Dividends/excess interest declarations;
 - (f) Nonforfeiture values, annuity tables;
 - (g) Accidental death/dismemberment;
 - (h) Disability income rider;
 - (i) Cost of living rider.
 - (11) Beneficiary designations:
 - (a) Estate/named party/class;

- (b) Primary/contingent;
- (c) Revocable/irrevocable;
- (d) Trust.
- (e) Common disaster, short-term survivorship; Uniform Simultaneous Death Act;
- (f) Minor as beneficiary;
- (g) Changing the beneficiary.
- (12) Application process:
 - (a) Application completion;
 - (b) Application as part of contract;
 - (c) Fair Credit Reporting Act compliance;
 - (d) Receipts;
 - (e) Modified/issued as requested;
 - (f) Nonprepaid/prepaid;
 - (g) Modes of payment/effect of nonpayment;
 - (h) Good health upon delivery;
 - (i) Ten-day free look.
- (13) Claims process:
 - (a) Notice of claim;
 - (b) Proof of loss;
 - (c) Statute of limitations on claims/defenses;
 - (d) Settlement options:
 - (i) Right to elect or change;
 - (ii) Owner's rights;
 - (iii) Beneficiary's rights.
 - (e) Types of settlements:
 - (i) Lump sum;
 - (ii) Interest only;
 - (iii) Period certain, fixed amount.
- (14) Federal taxation:
 - (a) Life insurance premiums;
 - (b) Proceeds;
 - (c) Dividends:
 - (i) Nature of dividends;
 - (ii) Four basic options for the use of dividends;
 - (iii) One-year term (fifth) dividend option.
 - (d) Policy loans/withdrawals.
- (15) Other topics:
 - (a) Social Security survivors, death, and retirement benefits;
 - (b) Legal concepts:
 - (i) Insurable interest;
 - (ii) Misrepresentation and concealment;
 - (c) Evaluation of life insurance needs:
 - (i) Needs approach;
 - (ii) Human life value approach.
 - (d) Cost comparison methods:
 - (i) Interest-adjusted cost;
 - (ii) Traditional net cost.
 - (e) Credit life.
 - (f) Business uses of life insurance:
 - (i) Buy and sell agreements;
 - (ii) Cross-purchase plan;
 - (iii) Entity plan.
 - (g) Key person insurance.

WAC 284-17-553 Disability insurance curriculum.

- (1) Nature and purpose:
 - (a) Medical expenses;
 - (b) Loss of income;
 - (c) Insuring agreement and perils covered;
 - (d) Definition of total disability:
 - (i) Own occupation;
 - (ii) Any occupation for which the insured is reasonably suited;
 - (iii) Any occupation;
 - (e) Combination definitions;
 - (f) Presumptive disability.
- (2) Temporary disability;
 - (a) Permanent disability;
 - (i) Partial;
 - (ii) Total;
 - (g) Residual disability;
 - (h) Recurrent disability;
- (2) Underwriting considerations:
 - (a) Elimination (waiting) period;
 - (b) Probationary period;
 - (c) Benefit period:
 - (i) Short-term versus long-term;
 - (ii) Accident versus sickness;
 - (d) Nonoccupational versus full coverage;
 - (e) Costs of illness or injury; morbidity tables:
 - (i) Age, sex, height, and weight;
 - (ii) Marital, financial status;
 - (iii) Occupation, avocation;
 - (iv) Current state of health;
 - (f) Illegal occupation;
 - (g) Rating standards:
 - (i) Reasonable, equitable, adequate;
 - (ii) Class exposures to a degree of risk;
 - (iii) Common exclusions;
 - (3) Accidental death/dismemberment;
 - (4) Needs analysis: Human life value, economic value;
 - (5) Disability insurance policy provisions:
 - (a) Mandatory individual policy provisions:
 - (i) Grace period;
 - (ii) Reinstatement;
 - (iii) Misstatement of age or sex;
 - (iv) Change of beneficiary;
 - (v) Entire contract;
 - (vi) Time limit on certain defenses;
 - (vii) Notice of claim;
 - (viii) Claim forms;
 - (ix) Proof of loss;
 - (x) Time of payment of claims;
 - (xi) Payment of claims;
 - (xii) Physical examination and autopsy;
 - (xiii) Legal actions.
 - (b) Optional individual policy provisions and clauses:
 - (i) Unpaid premium;
 - (ii) Cancellation/renewability;
 - (iii) Nonoccupation/full coverage;
 - (iv) Change of occupation;
 - (v) Other insurance with this insurer;
 - (vi) Insurance with other insurer(s):
 - (A) On expense incurred basis;
 - (B) On another basis.

[Statutory Authority: RCW 48.02.060 and 48.17.150. 91-12-033 (Order R 91-3), § 284-17-552, filed 6/3/91, effective 7/4/91. Statutory Authority: RCW 48.02.060 and 48.17.070. 89-01-055 (Order R 88-14), § 284-17-552, filed 12/16/88.]

- (vii) Chemical dependency;
- (viii) Relation of earnings to insurance;
- (ix) Unpaid premiums;
- (x) Cancellation;
- (xi) Conformity with state statute;
- (6) Other provisions:
 - (a) Consideration/premium payment;
 - (b) Modes of payment;
 - (c) Effect of nonpayment;
 - (d) Claims control;
 - (i) Second surgical opinion;
 - (ii) Precertification;
 - (iii) Ambulatory treatment.
- (e) Conversion;
- (f) Waiver of premium;
- (g) Assignment;
- (h) Preexisting conditions;
- (i) Right to examine;
- (j) Policy continuation:
 - (i) Cancellable;
 - (ii) Optionally renewable;
 - (iii) Conditionally renewable;
 - (iv) Guaranteed renewable;
 - (v) Noncancellable.
- (7) Benefit features, options:
 - (a) Cost of living adjustment;
 - (b) Accident medical expense;
 - (c) Guaranteed insurability option;
 - (d) Accidental death and dismemberment;
 - (e) Social Security rider;
 - (f) Lifetime/extended benefit;
 - (g) Assignment of benefits;
 - (h) Benefit periods:
 - (i) Long term/short term;
 - (ii) Illness/injury.
 - (i) Nonduplication of benefits:
 - (i) Other insurers;
 - (ii) Benefit maximum.
 - (j) Special policy provisions:
 - (i) Disability buy-out;
 - (ii) Lump sum;
 - (iii) Periodic payment;
 - (k) Specified injury or illness.
- (8) Disability benefits in life insurance contracts.
- (9) Business overhead expense coverage.
- (10) Hospital income coverage.
- (11) Credit protection/mortgage protection.
- (12) Sources of medical (accident and health) benefits:
 - (a) Insurance companies;
 - (b) Health care service contractors (HCSC);
 - (c) Health maintenance organizations (HMO);
 - (d) Preferred provider organizations (PPO);
 - (e) Health Insurance Coverage Access Act:
 - (i) Nature and purpose;
 - (ii) Eligibility;
 - (iii) Coverage available.
- (13) Basic medical expense insurance:
 - (a) Nature and purpose;
 - (b) Insuring agreements and perils covered;
 - (c) Hospitalization expense;
 - (i) Room and board;
 - (ii) Intensive care;
 - (iii) Ancillary (miscellaneous) charges.
 - (d) Surgical expense:
 - (i) Schedules: Absolute value versus relative value;
 - (ii) Usual and customary.
 - (e) Regular medical expense (other physician charges):
 - (i) Charges covered;
 - (ii) Common limitations on benefits.
 - (f) Common exclusions.
 - (g) Other benefit features, options, or expense coverages:
 - (i) Maternity;
 - (ii) Private duty nursing;
 - (iii) Dental;
 - (iv) Prescription drug;
 - (v) Vision;
 - (vi) Home health care;
 - (vii) Dread disease and limited (e.g., cancer) coverage.
- (14) Major medical expense insurance:
 - (a) Nature and purpose;
 - (b) Covered charges (expenses);
 - (c) Inside (internal) limits;
 - (d) Waiting period, preexisting/named conditions;
 - (e) Common limitations/exclusions/optional coverages:
 - (i) Self-inflicted injury;
 - (ii) Injured while engaged in illegal activity or under the influence of a controlled substance;
 - (iii) Injury caused by military conflict;
 - (iv) Elective cosmetic surgery;
 - (v) Optical, dental, audio care;
 - (vi) Maternity and childbirth;
 - (vii) Prescription drugs.
 - (f) Deductible:
 - (i) Per injury or sickness versus cumulative (e.g., annual);
 - (ii) Corridor;
 - (iii) Common accident/common sickness;
 - (iv) Family maximum;
 - (v) Basic or other plan benefits;
 - (vi) Carryover provision;
 - (vii) Coinsurance, copayment, stop loss;
 - (viii) Waiting periods;
 - (ix) Standards for coordination of benefits/nonduplication of benefits;
 - (x) Maximum limits:
 - (A) Per injury or illness versus lifetime;
 - (B) Unlimited;
 - (C) Restoration of used benefits.
- (15) Comprehensive coverage:
 - (a) Basic plan plus major medical;
 - (b) Comprehensive major medical.
- (16) Group insurance and related coverages:
 - (a) Types of benefits;
 - (b) Group underwriting considerations;
 - (c) Group enrollment restrictions:
 - (i) Age of applicant;
 - (ii) Coverage for dependents;

- (iii) Time period for enrollment;
- (iv) Preexisting condition.
- (d) Master policy and certificates;
- (e) Conversion;
- (f) Probationary employment period;
- (g) Extended benefits;
- (h) Mandatory benefits and options;
- (i) Nonduplication and coordination of benefits provision;
- (j) Approaches related to group insurance:
 - (i) Franchise coverage;
 - (ii) Blanket coverage.
- (k) Consolidated Omnibus Budget Reconciliation Act (COBRA).
- (17) Government entitlement programs.
- (18) Medicare:
 - (a) Eligibility and enrollment;
 - (b) Part A (Hospital);
 - (i) Hospital coverage;
 - (A) Benefits;
 - (B) Diagnostic related groups (DRG's).
 - (ii) Skilled nursing facilities;
 - (iii) Home health care;
 - (iv) Hospice care.
- (c) Part B (Medical):
 - Medical coverage:
 - (i) Premium requirement;
 - (ii) Benefits;
 - (iii) Deductibles;
 - (iv) Coinsurance;
 - (v) Assignment;
 - (vi) Allowable charges versus usual and customary.
 - (d) Definitions:
 - (i) Carrier;
 - (ii) Intermediary;
 - (iii) Spell of illness;
 - (iv) Coverage outside the United States.
- (19) Medicare supplements:
 - (a) Nature and purpose;
 - (b) Minimum standards;
 - (c) Preexisting conditions;
 - (d) Disclosure;
 - (e) Renewability;
 - (f) Replacement.
- (20) Social Security disability and medical expense benefits.
 - (21) Long-term care:
 - (a) Nature and purpose;
 - (b) Policies and contracts;
 - (c) Skilled/intermediate care;
 - (d) Disclosure;
 - (e) Free look;
 - (f) Prohibited practices.
 - (22) Policy delivery:
 - (a) Modified versus issued as requested;
 - (b) Explanation of coverage;
 - (c) Payment of premium:
 - (i) Paid upon application;
 - (ii) Paid upon delivery;
 - (iii) Mode of payment;
 - (iv) Effect of nonpayment.

- (d) Good health upon delivery;
- (e) Ten-day free look;
- (f) Application completion;
- (g) Fair Credit Reporting Act compliance.
- (23) Insurance statutes and regulations:
 - (a) Applicable to disability insurers only:
 - (i) Disability insurance advertising restrictions;
 - (ii) Group/blanket disability insurance:
 - (A) Extended health;
 - (B) Disability insurance loss ratios.
 - (iii) Washington Life and Disability Insurance Guaranty Association;
 - (iv) Trade practices:
 - (A) Trade practice rules;
 - (B) Unfair claims practices.
 - (b) Applicable to all medical service coverage carriers:
 - (i) Standards for group chemical dependency coverage;
 - (ii) Rules pertaining to AIDS;
 - (iii) Health Care False Claim Act;
 - (c) Misrepresentation and concealment.
- (24) Claims:
 - (a) Notice, forms, time limit;
 - (b) Proof of claim: Physical examination/autopsy;
 - (c) Legal action:
 - (i) Statute of limitations;
 - (ii) Coordination of benefits.
 - (d) Settlement:
 - (i) Payment of claims;
 - (ii) Time and method of payment.
- (25) Other topics:
 - (a) Accidental death and dismemberment coverage:
 - (i) Insuring agreements and perils covered;
 - (ii) Principle (capital) sum;
 - (iii) Beneficiary designations.
 - (b) Business uses: The disability buy-out.
- (26) Federal income taxation:
 - (a) Disability insurance premium;
 - (b) Disability insurance benefits.

[Statutory Authority: RCW 48.02.060 and 48.17.150. 91-12-033 (Order R 91-3), § 284-17-553, filed 6/3/91, effective 7/4/91. Statutory Authority: RCW 48.02.060 and 48.17.070. 89-01-055 (Order R 88-14), § 284-17-553, filed 12/16/88.]

WAC 284-17-554 Casualty insurance curriculum.

- (1) Defining casualty insurance. Insurable interest; insured's legal liability for:
 - (a) Bodily injury, disability or death of any human being:
 - (i) Medical, hospital, surgical costs;
 - (ii) Funeral benefits.
 - (b) Liability for loss of/damage to the property of others:
 - (c) Coverage for personal injury:
 - (i) Libel, slander, defamation of character;
 - (ii) Wrongful eviction.
 - (d) Any other kind of loss, damage, or liability which is:
 - (i) Properly the subject of insurance;
 - (ii) Not within another insurance definition; and
 - (iii) Not contrary to law or public policy.

- (2) Legal basis for liability:
 - (a) Intentional tort;
 - (b) Statutory liability;
 - (c) Product/absolute/strict liability;
 - (d) Negligence:
 - (i) Principles:
 - (A) Duty of care;
 - (B) Breach of duty was proximate cause of injury;
 - (C) Injury in fact.
 - (ii) Defenses:
 - (A) Contributory negligence;
 - (B) Comparative negligence;
 - (C) Last clear chance;
 - (D) Assumption of risk.
 - (iii) Degrees of care owed to:
 - (A) Trespasser;
 - (B) Licensee;
 - (C) Invitee;
 - (D) Children.
 - (iv) Reasonable person standard applied to:
 - (A) Attractive nuisance;
 - (B) Extra hazardous operations.
 - (e) Sources of liability:
 - (i) Direct;
 - (ii) Contingent;
 - (iii) Contractual;
 - (iv) Vicarious.
- (3) Evaluating casualty insurance needs:
 - (a) Maximum probable loss:
 - (i) Personal injury;
 - (ii) Bodily injury;
 - (iii) Injury to insured's reputation;
 - (iv) Mental distress; insured's lost wages;
 - (v) Defense costs;
 - (vi) Property damage.
 - (b) Factors affecting rates:
 - (i) Risks, perils, hazards;
 - (ii) Personal, business habits;
 - (iii) Blanket/specific coverage;
 - (iv) Monoline/package policy;
 - (v) Other primary or excess insurance;
 - (vi) Experience rating;
 - (vii) Deposit premium/audit.
 - (c) Liability limits:
 - (i) Per person;
 - (ii) Per occurrence;
 - (iii) Aggregate;
 - (iv) Split/single limit.
 - (d) Occurrence policy; claims made policy;
 - (e) Application content and binders.
- (4) Major classes of policy provisions:
 - (a) Declarations:
 - (i) First named insured, additional insureds;
 - (ii) Policy period, policy territory, perils;
 - (iii) Liability limits.
 - (b) Insuring agreement;
 - (c) Conditions:
 - (i) Liberalization;
 - (ii) Subrogation;
 - (iii) Assignment.
 - (d) Exclusions;
 - (e) Definitions:
 - (i) Entire contract;
 - (ii) Agency binding authority;
 - (iii) Rating and premium determination.
- (5) Homeowners (section II) coverage – ISO HO-84 and Washington amendatory endorsement HO-300 (01/89):
 - (a) Nature and eligibility;
 - (b) Liability insuring agreement/exclusions;
 - (c) Medical payment insuring agreement/exclusions;
 - (d) Additional coverages and conditions;
 - (e) Common endorsements:
 - (i) Business pursuits;
 - (ii) Permitted incidental occupancy;
 - (iii) Watercraft;
 - (iv) Additional resident premises rented to others.
 - (f) Other personal packages:
 - Mobile home owner.
 - (g) Miscellaneous personal casualty coverages:
 - (i) Umbrella;
 - (ii) Excess auto liability;
 - (iii) Recreational vehicles;
 - (iv) Watercraft/yacht.
 - (h) Incidental farming.
 - (6) Automobile coverage:
 - (a) Financial responsibility:
 - (i) Proof defined;
 - (ii) Persons required to show proof;
 - (iii) Methods of satisfying financial responsibility;
 - (iv) Penalty for noncompliance.
 - (b) Coverages:
 - (i) Bodily injury;
 - (ii) Personal injury protection;
 - (iii) Medical payments;
 - (iv) Property damage;
 - (v) Collision;
 - (vi) Other than collision;
 - (vii) Towing expense, rental reimbursement;
 - (viii) Supplementary payments;
 - (ix) Uninsured motorist;
 - (x) Under-insured motorist.
 - (c) Personal auto:
 - (i) Common policies and endorsements:
 - (A) Personal auto policy;
 - (B) Broad form named operator;
 - (C) Extended nonowned liability;
 - (D) Debt and financing coverage.
 - (ii) Cancellation or nonrenewal:
 - (A) By insured/by insurer;
 - (B) Statutory requirements, notice; return of premium;
 - (C) Trade practice regulations.
 - (d) Business auto:
 - (i) Owned;
 - (ii) Nonowned;
 - (iii) Hired;
 - (iv) Garage liability;
 - (v) Garagekeeper's liability.
- (7) Commercial casualty:
 - (a) Basic hazards:
 - (i) General liability;

- (ii) Contractual liability;
- (iii) Independent contractors;
- (iv) Pollution/environmental impairment;
- (v) Premises and operations;
- (vi) Products and completed operations;
- (vii) Personal and advertising injury;
- (viii) Liquor liability.
- (b) Types of commercial package policies:
 - (i) Commercial package policy;
 - (ii) Businessowner's policy (section II):
 - (A) Nature and purpose;
 - (B) Standard/special form;
 - (C) Coverages, exclusions;
 - (D) Optional coverages.
 - (c) Miscellaneous commercial casualty coverages:
 - (i) Fire legal liability;
 - (ii) Professional liability;
 - (iii) Director's/officer's liability;
 - (iv) Stop-gap;
 - (v) Umbrella;
 - (vi) Excess insurance;
 - (vii) Boiler and machinery;
 - (viii) Motor vehicle mechanical breakdown;
 - (ix) Ocean marine.
 - (8) Crime coverage:
 - (a) Major perils:
 - (i) Forgery/alteration;
 - (ii) Theft/disappearance, destruction/vandalism;
 - (iii) Safe burglary;
 - (iv) Robbery, burglary.
 - (b) Primary crime coverage forms:
 - (i) Premises burglary;
 - (ii) Robbery and safe burglary;
 - (iii) Theft, disappearance and destruction.
 - (c) Fidelity:
 - (i) Employee dishonesty coverage form:
 - (A) Individual;
 - (B) Scheduled;
 - (C) Blanket.
 - (ii) Financial institution bond.
 - (d) Forgery;
 - (e) Employee Retirement Income Security Act (ERISA);
 - (f) Surety bond:
 - (i) Surety distinguished from insurance;
 - (ii) Parties to the contract;
 - (iii) Promise of the surety;
 - (iv) Major classes of surety bond.
 - (9) Government programs:
 - (a) Worker's compensation;
 - (b) The Jones Act;
 - (c) The Longshore and Harbor Workers' Act;
 - (d) National crime program;
 - (e) Washington automobile insurance plan.
- (a) Loss of or damage to real or personal property;
- (b) Loss of interest in real or personal property.
- (2) Evaluation of risk:
 - (a) Maximum probable loss:
 - (i) Direct loss;
 - (ii) Indirect loss;
 - (iii) Concurrent causation.
 - (b) Factors affecting rates:
 - (i) Risks, perils, hazards;
 - (ii) Personal, business habits;
 - (iii) Blanket/specific coverage;
 - (iv) Coinsurance.
 - (3) Personal insurance coverages:
 - (a) Dwelling property forms – basic, broad, or special:
 - (i) Nature and eligibility;
 - (ii) Property covered/excluded;
 - (iii) Perils covered/excluded;
 - (iv) Deductibles;
 - (v) Limitation on loss settlement;
 - (vi) Other conditions and provisions.
 - (A) Entire contract;
 - (B) Agency binding authority.
 - (b) Homeowners (section I) coverage – ISO HO-84 and Washington amendatory endorsement HO-300 (01/89):
 - (i) Nature and eligibility;
 - (ii) Property covered:
 - (A) Personal dwelling;
 - (B) Other appurtenant private structures;
 - (C) Unscheduled personal property;
 - (D) Additional living expense.
 - (iii) Perils covered/excluded;
 - (iv) Property limited/excluded;
 - (v) Other provisions or conditions;
 - (vi) Cancellation or nonrenewal:
 - (A) Statutory requirements, notice; return of premium;
 - (B) Trade practice regulations.
 - (vii) Common endorsements:
 - (A) Replacement cost on contents;
 - (B) Guaranteed replacement cost on dwelling;
 - (C) Scheduled personal property;
 - (D) Earthquake;
 - (E) Inflation guard.
 - (c) Other personal packages:
 - Mobile home.
 - (4) Commercial property coverages:
 - (a) Property covered:
 - (i) Building;
 - (ii) Insured's business personal property;
 - (iii) Personal property of others.
 - (b) Cause of loss forms:
 - (i) Basic;
 - (ii) Broad;
 - (iii) Special.
- (c) Property limited or excluded;
- (d) Optional coverages;
- (e) Conditions, provisions, and extensions of coverage;
- (f) Types of commercial package policies:
 - (i) Commercial package policy;
 - (ii) Businessowner's policy (section I):

[Statutory Authority: RCW 48.02.060 and 48.17.150. 91-12-033 (Order R 91-3), § 284-17-554, filed 6/3/91, effective 7/4/91. Statutory Authority: RCW 48.02.060 and 48.17.070. 89-01-055 (Order R 88-14), § 284-17-554, filed 12/16/88.]

WAC 284-17-555 Property insurance curriculum.

(1) Defining property insurance:

- (A) Nature and purpose;
- (B) Standard/special form;
- (C) Coverages, exclusions;
- (D) Property limited or excluded.
- (g) Miscellaneous commercial property insurance:
 - (i) Business income:
 - (A) General nature;
 - (B) Losses covered.
 - (ii) Extra expense;
 - (iii) Glass;
 - (iv) Earthquake;
 - (v) Inland marine;
 - (vi) Ocean marine/yacht;
 - (vii) Farmowner's.
- (5) Government programs:
 - (a) National flood insurance program;
 - (b) Fair access to insurance requirements (FAIR) plan;
 - (c) Washington Insurance Guaranty Association;
 - (d) Federal crop insurance program.

[Statutory Authority: RCW 48.02.060 and 48.17.150. 91-12-033 (Order R 91-3), § 284-17-555, filed 6/3/91, effective 7/4/91. Statutory Authority: RCW 48.02.060 and 48.17.070. 89-01-055 (Order R 88-14), § 284-17-555, filed 12/16/88.]

Chapter 284-23 WAC

WASHINGTON LIFE INSURANCE REGULATIONS

WAC

284-23-570 Deferred annuities with cash surrender benefits—Clarification.

WAC 284-23-570 Deferred annuities with cash surrender benefits—Clarification. (1) For contracts which provide cash surrender benefits, the "maturity value of the paid-up annuity benefit," to which RCW 48.23.460 refers, shall be equal to the cash surrender value on the maturity date.

(2) On the maturity date, the cash surrender value shall be equal to the amount used to determine the annuity benefit payments. There are no surrender charges at maturity.

[Statutory Authority: RCW 48.02.060 (3)(a). 91-22-012 (Order R 91-8), § 284-23-570, filed 10/25/91, effective 11/25/91.]

Chapter 284-30 WAC

TRADE PRACTICES

WAC

284-30-600 Unfair practices with respect to out-of-state group life and disability insurance.

284-30-610 Unfair practices with respect to the solicitation of coverage under out-of-state group policies.

WAC 284-30-600 Unfair practices with respect to out-of-state group life and disability insurance. (1) Pursuant to RCW 48.30.010, except as provided in subsection (2) of this section it is an unfair method of competition and an unfair practice for any insurer to effect life or disability insurance coverage on individuals in

this state under a group policy which is delivered to a policyholder outside this state when:

(a) Such policy or any certificate used therewith contains any inconsistent, ambiguous or misleading clauses, or exceptions and conditions which unreasonably or deceptively affect the risk purported to be assumed in the general coverage of the policy.

(b) Such policy or any certificate used therewith has any title, heading, or other indication of its provisions which is misleading.

(c) Such coverage is being solicited by deceptive advertising.

(d) With respect to disability insurance, the out-of-state group policy does not:

(i) Provide that claims will be processed in compliance with RCW 48.21.130 through 48.21.146;

(ii) Meet the requirements as to benefits and coverage mandated by chapter 48.21 RCW and rules effectuating that chapter, specifically including those set forth in chapter 284-51 WAC, and WAC 284-30-610 and 284-30-620;

(iii) With respect to long-term care insurance, also meet the requirements of chapter 48.84 RCW and chapter 284-54 WAC;

(iv) With respect to Medicare supplemental insurance, also meet the requirements of chapter 48.66 RCW and chapter 284-66 WAC; and

(v) Meet the loss ratio standards applicable to group insurance pursuant to RCW 48.66.100 and 48.70.030 and WAC 284-60-060.

(e) With respect to life insurance, the out-of-state group policy fails to comply with the provisions of RCW 48.24.100 through 48.24.260, WAC 284-23-550, 284-30-620, and 284-30-630.

(2)(a) Unless the individual insured pays all or substantially all of the cost of his or her coverage, subsection (1) of this section is not applicable to life or disability insurance coverage provided by any group policy issued for a group which would be qualified for group life insurance if the master policy were delivered to a policyholder in this state pursuant to RCW 48.24-.035, 48.24.040, 48.24.050, or 48.24.095.

(b) Subsection (1) of this section is not applicable with respect to coverage under a master policy issued for an association group which would be qualified for group insurance under such policy if it were delivered to the policyholder in this state pursuant to the requirements of RCW 48.24.045:

(i) If such association clearly has a genuine purpose and existence of significant value to its members independent of its status as the group policyholder and independent of its involvement in insurance on behalf of its members, and if, further, there is a realistic and demonstrable basis related to the situs of the association or the residencies of a substantial portion of its members justifying the issuance of the group policy in the other state; or

(ii) If such association provides such coverage to each of its members, except those who may not qualify by reason of age, at no charge to them other than the standard membership dues or costs paid by each member.

(c) Subsection (1) of this section is not applicable with respect to a group policy issued for a group which qualifies for group insurance pursuant to RCW 48.24-.060, 48.24.080, and 48.24.090.

(d) Except for coverages excluded by (a), (b), and (c) of this subsection, this section applies to all life and disability coverage on individuals in this state under group policies which are delivered to policyholders outside this state, specifically including those issued for trustee and other groups which are eligible for group insurance pursuant to RCW 48.21.010, 48.21.030, 48.24.020, 48.24-.045, and 48.24.070.

(3) Except as provided in subsection (4)(c) of this section, for purposes of this section it is immaterial whether the insurance coverage is offered by means of a solicitation through a sponsoring organization, through the mail or other mass communication media, or through licensed agents or brokers.

(4) It is further defined to be an unfair practice for any insurer effecting group insurance coverage in this state through policies delivered to an out-of-state master policyholder to fail to do the following with respect to such insurance coverage:

(a) It must comply with the requirements of this state relating to advertising and claims settlement practices, and it must, upon request, furnish the commissioner copies of all advertising materials intended for use in this state;

(b) It must make available copies of any policy forms, and certificate forms used therewith, upon request of the commissioner; and

(c) Where the sale of such coverage to individuals in this state will be through solicitation by agents, solicitors or brokers, so that WAC 284-30-610 will be applicable to such solicitations, the insurer shall file with the commissioner copies of the pertinent group policy and certificate forms, and shall include a copy of the disclosure statement required by WAC 284-30-610, appropriately completed, which will be delivered to the Washington individuals who are solicited by the Washington licensees. Such material must be filed at least twenty days before the solicitation of coverage commences.

[Statutory Authority: RCW 48.02.060 (3)(a) and 48.30.010. 91-03-073 (Order 90-14), § 284-30-600, filed 1/16/91, effective 4/1/91. Statutory Authority: RCW 48.02.060 (3)(a). 85-02-018 (Order R 84-7), § 284-30-600, filed 12/27/84.]

WAC 284-30-610 Unfair practices with respect to the solicitation of coverage under out-of-state group policies. (1) It is an unfair method of competition and an unfair practice for an insurance company to permit its appointed licensed agent, and for an insurance agent, solicitor or broker, to solicit an individual in the state of Washington to buy or apply for disability insurance coverage when such coverage is provided pursuant to the terms of a group insurance policy delivered to an association or organization (or to a trustee designated by such association or organization), as policyholder, outside this state, if obtaining such coverage or continuing it is dependent upon the covered individual being a member of

or in some way affiliated with such association or organization (other than as an employee, or a dependent of an employee, thereof), unless the following steps are taken:

(a) An accurately completed disclosure statement, substantially in the form set forth in subsection (2) of this section, must be signed by the soliciting licensee, and delivered to and brought to the attention of the individual being solicited before the application for coverage is completed and signed.

(b) The signed original disclosure statement must be left with such individual.

(c) A copy of the completed disclosure statement must be signed by such individual to acknowledge its receipt, and be submitted by the soliciting licensee, with the application for coverage, to the insurance company providing the coverage.

(d) The insurance company must confirm the accuracy of the form's contents, and retain such copy for not less than three years from the date the coverage commences.

(2) Disclosure statement form:

(Insurance Company's name and address)

IMPORTANT INFORMATION ABOUT THE INSURANCE YOU ARE BEING OFFERED

Save this statement! It may be important to you in the future. The Washington State Insurance Commissioner requires that we give you the following information about the health insurance coverage offered to you under a group insurance policy issued by ...(insurance company)..., ...(to/on behalf of)...(association or organization)...

The policy is subject to and governed by the laws of the state of

The coverage ...(meets/does not meet)... minimum insurance standards required of Washington state policies. You ...(will/will not)... receive benefits required to be provided by Washington policies. The policy is designed to return benefits which are valued at a percentage (less than/equal to/greater than).... the percentage of premiums that would be required under Washington state's rules or laws for group coverage.

The Washington State Insurance Commissioner will have limited authority to assist you concerning the coverage.

To keep this insurance coverage, you ...(must/need not)... continue membership in the group. If you are not now a member, the initial cost of membership is \$.... . Additional dues or membership fees are currently \$..... per Membership costs ...(may/will not).... increase in future years. You will also have the insurance premiums to pay.

The insurance coverage ...(can/can not).... be discontinued by the group. It ...(can/can not).... be terminated by the insurer. If the group organization ceases to exist, your coverage ...(would/would not).... terminate. You ... (are/are not).... entitled by the contract to convert your coverage to your own insurance policy.

.....(Group organization's name)..... and(insurance company's name).... ... (are/are not)... directly or indirectly subject to common control with respect to their management and policies, through ownership, by contract, or otherwise.(Group organization's name).... ... (will/will not).... be paid for its participation in this insurance program.(An explanation of payments may be inserted here.)....

Apart from its involvement in insurance such as that offered to you, the organization engages in the following activities of value to its members: The organization has approximately members, at this time. About% of them do not participate in the group's health insurance program.

If you apply for this coverage, you(will/will not).... have a "free look" (of days*) during which you may cancel your contract and recover your premium without obligation. Your membership fee to join the group ... (is/ is not)... refundable. *(Omit phrase, "of ... days", if there is no "free look.")

DELIVERED to the applicant this day of, 199.., by
(Signed) (agent, solicitor or broker).
Printed Name: -----
RECEIPT HEREOF IS ACKNOWLEDGED: Applicant.

(3) This section does not apply with respect to coverage provided to individuals under a group contract which is provided for a group of a type described in RCW 48-.24.035, 48.24.040, 48.24.060, 48.24.070, 48.24.080, 48-.24.090, or 48.24.095.

[Statutory Authority: RCW 48.02.060 (3)(a) and 48.30.010. 91-03-073 (Order 90-14), § 284-30-610, filed 1/16/91, effective 4/1/91.]

Chapter 284-44 WAC

**HEALTH CARE SERVICES CONTRACTORS--
AGENTS--CONTRACT FORMATS--STANDARDS**

WAC
284-44-400 Repealed.

**DISPOSITION OF SECTIONS FORMERLY CODIFIED IN THIS
CHAPTER**

284-44-400 Assessments for examination costs. [Statutory Authority: RCW 48.44.050. 84-08-001 (Order R 84-1), § 284-44-400, filed 3/22/84.] Repealed by 91-07-053 (Order R 91-1), filed 3/19/91, effective 4/19/91. Statutory Authority: RCW 48.02.060.

WAC 284-44-400 Repealed. See Disposition Table at beginning of this chapter.

Chapter 284-46 WAC

HEALTH MAINTENANCE ORGANIZATIONS

WAC
284-46-010 Repealed.

**DISPOSITION OF SECTIONS FORMERLY CODIFIED IN THIS
CHAPTER**

284-46-010 Assessments for examination costs. [Statutory Authority: RCW 48.46.200. 84-08-002 (Order R 84-2), § 284-46-010, filed 3/22/84.] Repealed by 91-07-053 (Order R 91-1), filed 3/19/91, effective 4/19/91. Statutory Authority: RCW 48.02.060.

WAC 284-46-010 Repealed. See Disposition Table at beginning of this chapter.

Chapter 284-51 WAC

STANDARDS FOR COORDINATION OF BENEFITS

WAC
284-51-050 Allowable expense.

WAC 284-51-050 Allowable expense. (1) A group contract which provides for coordination of benefits ("COB") shall contain a provision stating what expenses are to be recognized under the coordination provision as an allowable expense.

(a) Each such group contract shall include the following definition: "Allowable expense means the (usual, customary and reasonable) charge for any necessary health care service or supply when the service or supply is covered at least in part under any of the plans involved. When a plan provides benefits in the form of services or supplies rather than cash payments, the reasonable cash value of each service rendered or supply provided shall be considered an allowable expense. The difference between the cost of a private hospital room and the cost of a semi-private hospital room is not considered an allowable expense under the above definition unless the covered person's stay in a private hospital room is considered medically necessary under at least one of the plans involved."

(b) Notwithstanding the above definition, health care services or supplies under plans which are limited to providing coverages such as dental care, vision care, prescription drugs or hearing aids may be excluded from the definition of allowable expense. A plan which provides benefits only for any such health care services or supplies may limit its definition of allowable expense to like services or supplies.

(c) When COB is restricted in its use to specific benefits in a contract (for example, major medical or dental benefits, only), the definition of allowable expense must include the corresponding services and supplies to which COB applies.

(2) A plan is not required to include language in its group contracts which is substantially similar to subsections (3) through (8) of this section. However, it may not include language which conflicts with subsections (3) through (8) of this section. COB adjudication practices must reflect subsections (3) or (4) or (5), and (6) and (7) and (8) of this section.

(3) When a plan provides benefits in the form of cash payments rather than services or supplies, the allowable expense may be the lesser of either the provider's charge

for a health care service or supply, or the "usual, customary and reasonable" charge for that particular health care service or supply. In lieu of "usual, customary and reasonable," a plan may substitute the terms "usual and prevailing," or "reasonable and customary," or other terms which are commonly understood to be similar in meaning. A plan may only limit allowable expense to the "usual, customary and reasonable" charge if:

(a) That term is reasonably defined in that insurer's group contract. Prior to limiting an allowable expense to a "usual, customary and reasonable" charge, the insurer must be able to support that such a limitation is based upon the application of statistically reliable comparative statistical measures, and is regularly reevaluated based on data which is current within twelve months of the date the service or supply was provided. When a secondary plan's "usual, customary and reasonable" charge for a particular health care service or supply is less than the primary plan's "usual, customary and reasonable" charge for that same health care service or supply, the secondary plan must coordinate benefits based on no less than the primary plan's "usual, customary and reasonable" charge for that health care service or supply; or

(b) The health care service or supply is a covered benefit under the primary plan and the primary plan limits its allowable expense to the "usual, customary and reasonable" charge in accordance with (a) of this subsection: *And provided further*, That the secondary plan excludes that service or supply in the absence of COB. In such case, the secondary plan may coordinate benefits for that service or supply based on the primary plan's "usual, customary and reasonable" charge.

(4)(a) A plan may provide benefits in the form of services or supplies rather than cash payments. Services or supplies may be provided directly by the insurer, or they may be provided through various contractual arrangements between providers and the insurer which involve the payment of negotiated amounts based on fee schedules, percentage discounts off of a provider's usual charge, per diem payments, case price payments, or other substantially similar types of negotiated arrangements.

(b) For the purposes of this subsection (4) of this section, when services or supplies are provided through a contractual arrangement between the provider and the insurer in exchange for payment of a negotiated amount to the provider, the "negotiated amount" shall mean the amount set forth in the contractual arrangement in effect at the time of service. Such contractual arrangements must specify that the provider agrees to accept such amount as payment in full for a covered health care service or supply provided to a person enrolled under a group contract issued by that insurer.

(c) If the provider agrees to accept the negotiated amount as payment in full, whether that amount is paid in whole or in part by the covered person, or by that insurer, or by any combination of payors including other insurers which pay before that insurer in the order of benefit determination, then and only then may the insurer which is a party to that contractual arrangement with the provider consider the negotiated amount as the

allowable expense. An insurer may not consider amounts negotiated in a contractual arrangement to which it is not a party to be the allowable expense.

(i) When the covered person is not responsible for paying any portion of the negotiated amount, and the insurer pays the entire negotiated amount to the provider, then that insurer may consider the negotiated amount as both an allowable expense and a benefit paid.

(ii) When any portion of the negotiated amount is paid by the covered person in accordance with the group contract issued by the insurer, or is paid by any other person including any other insurer, then the negotiated amount may be considered the allowable expense. The negotiated amount less any amounts payable by other persons, including the covered person, shall be considered the benefit paid.

(5) When services or supplies are provided directly by the insurer, the reasonable cash value of the health care service or supply shall be considered the allowable expense. When the covered person is not responsible for paying any portion of the allowable expense, that insurer may consider the reasonable cash value of the health care service or supply as both an allowable expense and a benefit paid. When the covered person is responsible for paying any portion of the allowable expense in accordance with the insurer's group contract covering the enrolled person, the reasonable cash value may be considered the allowable expense but the reasonable cash value less any amounts payable by other persons including the covered person shall be considered the benefit paid.

(6) The inclusion of Medicare or similar governmental benefits in the definition of a plan will not require the definition of allowable expense to recognize governmental benefits other than hospital, medical and surgical benefits.

(7) "Total allowable expenses" shall mean the sum of all allowable expenses for a particular covered person for a particular claim determination period. A secondary plan may reduce its benefits so that the total benefits paid or total services and supplies provided by all plans during a claim determination period are not more than total allowable expenses. The amount by which the secondary plan's benefits have been reduced (that plan's COB savings) shall be used by the secondary plan to pay allowable expenses, not otherwise paid, which were incurred during the claim determination period by the covered person for whom the claim is made. As each claim is submitted, the secondary plan determines its obligation to pay or provide for allowable expenses based on all claims which were submitted up to that point in time during the claim determination period.

(8) When a secondary plan provides a benefit in the form of services or supplies through a contractual arrangement between the provider and the insurer rather than in the form of a cash payment, and that plan's allowable expense is less than the amount of the payment provided by any primary plan for that service or supply, the secondary plan shall not consider the primary plan's benefit to be more than the secondary plan's allowable

expense for that service or supply for the purpose of determining total allowable expenses. In no event should a deficit amount be credited to the total allowable expenses because the primary plan's benefit payment exceeded the secondary plan's allowable expense.

[Statutory Authority: RCW 48.02.060 (3)(a), 48.44.050, and 48.46.200. 91-18-026 (Order R 91-6), § 284-51-050, filed 8/28/91, effective 9/28/91. Statutory Authority: RCW 48.02.060, 48.44.050, and 48.46.200. 81-14-001 (Order R 81-2), § 284-51-050, filed 6/18/81, effective 1/1/82.]

Chapter 284-91 WAC

HEALTH INSURANCE ACCESS REGULATION

WAC

284-91-025 Plan of operation approved.
284-91-050 Involuntary terminations for other than nonpayment of premiums.

WAC 284-91-025 Plan of operation approved. Pursuant to RCW 48.41.040(4) and after public hearing, the commissioner has determined that the *Plan of Operation*, as set forth in WAC 281-91-027, provides a sound basis for the fair, reasonable and equitable administration of the pool and provides for the sharing of pool losses on an equitable, proportionate basis among the members of the pool. It is approved: *Provided However*, That if the plan of operation of the pool or any policy issued by the pool contains any condition or provision that does not conform to the requirements of chapter 48.41 RCW or this chapter, the plan of operation or any policy issued by the pool shall be construed and applied in accordance with such conditions and provisions as would have applied had the plan of operation or policy issued by the pool been in full compliance with chapter 48.41 RCW and this chapter.

[Statutory Authority: RCW 48.02.060 and 48.41.170. 91-16-052 (Order R 91-4), § 284-91-025, filed 8/1/91, effective 9/1/91. Statutory Authority: RCW 48.02.060. 88-08-010 (Order R 88-4), § 284-91-025, filed 3/25/88.]

WAC 284-91-050 Involuntary terminations for other than nonpayment of premiums. (1) For purposes of RCW 48.41.100, coverage under prior health insurance shall be deemed to have been involuntarily terminated for a reason other than nonpayment of premium, except where the insured person voluntarily ceased paying required premiums while otherwise eligible to continue such prior coverage. Therefore, as an example, loss of eligibility for group health insurance because of voluntary termination of employment by a person covered by an employer's group health insurance policy will not be deemed voluntary termination of the prior insurance coverage.

(2) For purposes of RCW 48.41.140(3), coverage under any prior health insurance will be deemed to have been involuntarily terminated for a reason other than nonpayment of premium, if the premium required to continue coverage under such insurance exceeds by one-third or more the premium required to cover the individual under the pool's one thousand dollar deductible plan.

[Statutory Authority: RCW 48.02.060 and 48.41.170. 91-16-052 (Order R 91-4), § 284-91-050, filed 8/1/91, effective 9/1/91.]

Chapter 284-95 WAC

TRANSFER OF INSURANCE CONTRACTS

WAC

284-95-010 Title.
284-95-020 Purpose and scope.
284-95-030 Definitions, applications, and procedures.
284-95-040 Notice requirements.
284-95-050 Requirement of full disclosure.
284-95-060 Prohibited policy provisions.
284-95-070 Transfers to unauthorized insurers.
284-95-080 Unfair or deceptive acts or practices.

WAC 284-95-010 Title. This regulation, WAC 284-95-010 through 284-95-060, inclusive, shall be known and may be cited as "the Washington regulation on transfer of insurance contracts."

[Statutory Authority: RCW 48.02.060 (3)(a), 48.01.030 and 48.30.010. 91-23-064 (Order R 91-9), § 284-95-010, filed 11/18/91, effective 12/19/91.]

WAC 284-95-020 Purpose and scope. (1) This regulation establishes procedures to be followed with respect to the transfer of insurance contracts from a transferring company to an assuming company, establishes notice and disclosure requirements to protect the rights of policyowners, and defines unfair or deceptive acts and practices and unfair methods of competition in the conduct of the business of insurance, pursuant to RCW 48.30.010.

(2) This regulation applies to any transfer of insurance contracts from a transferring company to an assuming company where:

(a) The policyowner, as defined in WAC 284-95-030(5), is a resident of this state at the time of the proposed transfer; or

(b) The holder of a certificate of group insurance is a resident of this state at the time of the proposed transfer and meets the criteria set forth in WAC 284-95-030(5).

(3) This regulation shall not apply in the following situations:

(a) Mergers or consolidations;

(b) A transferring company subject to an order of rehabilitation, conservation, liquidation, or similar applicable order issued in this or any other jurisdiction;

(c) Withdrawal from the state by a transferring company, pursuant to RCW 48.05.290;

(d) The absorption of a subsidiary insurance company by a parent company, where the parent company absorbs the entire subsidiary insurance company through a merger. However, this regulation shall apply where the parent company acquires only the insurance contracts of the subsidiary insurance company.

(4) Unless the transferring company complies fully with the requirements of this regulation, it shall be deemed to remain liable for its obligations to the policyowners under its insurance contracts.

[Statutory Authority: RCW 48.02.060 (3)(a), 48.01.030 and 48.30.010. 91-23-064 (Order R 91-9), § 284-95-020, filed 11/18/91, effective 12/19/91.]

WAC 284-95-030 Definitions, applications, and procedures. (1) "A transfer of insurance contracts" means a transaction in which a transferring company, as defined in subsection (3) of this section, transfers one or more insurance contracts, together with all or substantially all of the liabilities and obligations under any such insurance contracts, to an assuming company, as defined in subsection (4) of this section, so that the rights of policyowners under the contracts are directly affected. This includes a transfer of the type deceptively known as "assumption reinsurance." This regulation is not intended to apply to a case of true reinsurance, where an insurer obtains additional security for the original undertaking.

(2) "Consent to transfer," in the context of this regulation, means the active and affirmative consent of each policyowner, as defined in subsection (5) of this section. This consent must be in writing, signed by the policyowner. It will not be presumed. It must be made after sufficient notice and disclosure concerning the proposed transfer, and concerning both the transferring company and the assuming company, as more fully set forth in WAC 284-95-040 and 284-95-050. Where a group insurance contract is concerned, the consent required is that of the group policyowner. Where the holder of a certificate of group insurance meets the criteria set forth in subsection (5) of this section, then the certificate holder is the policyowner, for the purpose of obtaining consent.

(3) "Transferring company" means the insurance company, fraternal benefit society, health care service contractor, or health maintenance organization which proposes to transfer one or more insurance contracts, together with all or substantially all of the liabilities arising under any such insurance contract, to an assuming company.

(4) "Assuming company" means the insurance company, fraternal benefit society, health care service contractor, or health maintenance organization which proposes to acquire one or more insurance contracts, together with all or substantially all of the liabilities arising under any such insurance contracts or contracts, from a transferring company.

(5) "Policyowner" means any individual or entity which has the right to either agree or not agree to alter the terms of an insurance contract and includes any person issued a certificate under a group insurance contract if such contract vests in that person rights that the owner of the group contract may not terminate.

(6) "An insurance contract," for purposes of this regulation, includes a life or disability insurance policy, an annuity contract, and a contract issued by a health care service contractor or health maintenance organization.

[Statutory Authority: RCW 48.02.060 (3)(a), 48.01.030 and 48.30.010. 91-23-064 (Order R 91-9), § 284-95-030, filed 11/18/91, effective 12/19/91.]

WAC 284-95-040 Notice requirements. (1) The transferring company shall provide to each policyowner at least thirty days advance written notice of its intent to transfer the insurance contract to an assuming company. The written notice shall be deposited in the United States mail, postage prepaid, addressed to the last known address for the policyowner.

(2) The transferring company shall keep records of all notices which are returned as undeliverable and also of all responses which are signed and returned by the policyowner, regardless of whether those responses are consents or refusals to consent.

(3) The transferring company shall provide advance notice of the proposed transfer to the commissioner, which shall include a complete set of the forms and materials to be sent to policyowners. The notice shall be sent at least thirty days before it is sent to the policyowner.

[Statutory Authority: RCW 48.02.060 (3)(a), 48.01.030 and 48.30.010. 91-23-064 (Order R 91-9), § 284-95-040, filed 11/18/91, effective 12/19/91.]

WAC 284-95-050 Requirement of full disclosure. (1) At a minimum, the notice sent to the policyowner shall state the following in language easily understood by a policyowner:

(a) The date upon which the transfer of liabilities arising under the insurance contract is to take place.

(b) The name and address of the proposed assuming company.

(c) The fact that the policyowner has a legal right to either consent to the proposed transfer, or to refuse to consent to it.

(d) The fact that if the policyowner wishes to accept the proposed transfer, that person must affirmatively do so by signing and returning the enclosed consent form.

(e) The fact that unless the policyowner signs and returns the enclosed consent form, the proposed transfer will not take place as to the insurance contract in his or her case, and that as a result the liabilities arising under that insurance contract will remain with the transferring company.

(f) Depending upon the intent of the transferring company, the policyowner should be told whether the transferring company will or may utilize the services of the proposed assuming company or another entity for administratively servicing the insurance contract, if consent to the transfer is not given, even though the obligations and liabilities under the insurance contract will remain with the transferring company. Examples of such servicing should be illustrated.

(g) The reason or reasons for the proposed transfer.

(h) Enough information about both the transferring company and the assuming company for the policyowner to make an informed choice about whether to consent to the proposed transfer or not. Necessary information will vary from one situation to another. However, it shall include, although it is not limited to, the following: The assets and liabilities of each company, and the business experience of each, particularly with respect to the kind of insurance involved in the proposed transfer.

(i) Whether the assuming company holds a valid certificate of authority or registration for the kind of insurance involved in the proposed transfer, issued by the state of which the policyowner is a resident.

(j) Whether the proposed transfer would have any effect upon availability and extent of protection afforded by any state guaranty fund, in the event of insolvency of the proposed assuming company.

(2) The notice and disclosure shall be accompanied by a form by which the policyowner may consent to or reject the proposed transfer. The form shall be worded in language easily understood by the policyowner, and be accompanied by a postage prepaid return envelope, by which it may be returned. All the forms shall be subject to the type size requirements of RCW 48.20.012(2).

(3) After processing, the transferring company shall return to consenting policyowners a copy of the consent to transfer for attachment to the insurance contract. The transferring company shall retain the policyowner's written consent with its records pertaining to each insurance contract.

(4) The notice and disclosure documents must also advise the policyowner that the transferring company will not unfairly discriminate against those policyowners who do not consent to the transfer.

(5) A certificate of assumption shall be provided to each consenting policyowner. The certificate shall include, at a minimum, the statement that the assuming company assumes all contractual obligations under the insurance contract. It shall include the name of the assuming company and its address to which communications relating to the insurance contract should be sent. The certificate of assumption shall become a part of the transferred contract. The form of certificate of assumption shall be filed with the insurance commissioner pursuant to RCW 48.18.100.

[Statutory Authority: RCW 48.02.060 (3)(a), 48.01.030 and 48.30.010. 91-23-064 (Order R 91-9), § 284-95-050, filed 11/18/91, effective 12/19/91.]

WAC 284-95-060 Prohibited policy provisions. No insurance contract, or other contractual document pertaining to any such insurance contract, shall contain any waiver or disclaimer of any of the rights recognized or protected by this regulation.

[Statutory Authority: RCW 48.02.060 (3)(a), 48.01.030 and 48.30.010. 91-23-064 (Order R 91-9), § 284-95-060, filed 11/18/91, effective 12/19/91.]

WAC 284-95-070 Transfers to unauthorized insurers. Where a Washington resident owns an insurance contract issued by a company authorized to do business in Washington, that company may not transfer such insurance contract to a company which is not authorized to do business in Washington. Acting as the assuming company in a transfer of insurance involving a Washington risk constitutes the transaction of insurance for which a Washington certificate of authority, license, or registration is required.

[Statutory Authority: RCW 48.02.060 (3)(a), 48.01.030 and 48.30.010. 91-23-064 (Order R 91-9), § 284-95-070, filed 11/18/91, effective 12/19/91.]

WAC 284-95-080 Unfair or deceptive acts or practices. It is an unfair or deceptive act or practice, pursuant to RCW 48.30.010, for any transferring company to:

(1) Be a party to a transfer of insurance contracts which is in violation of the provisions of this regulation; or

(2) Represent to policyowners, either verbally or in writing, that the commissioner has approved a transfer of insurance contracts. It shall be a false representation in advertising, in the sense of RCW 48.44.110, for a health care service contractor to represent to policyowners, either verbally or in writing, that the commissioner has approved any transfer of insurance contracts. It shall be a false or misleading practice in advertising, in the sense of RCW 48.46.400, and a deceptive, misleading, or unfair practice in advertising, in the sense of RCW 48.46.130 (1)(e), for a health maintenance organization to represent to policyowners, either verbally or in writing, that the commissioner has approved any transfer of insurance contracts; or

(3) Unfairly discriminate against policyowners who do not consent to the proposed transfer of insurance contracts.

[Statutory Authority: RCW 48.02.060 (3)(a), 48.01.030 and 48.30.010. 91-23-064 (Order R 91-9), § 284-95-080, filed 11/18/91, effective 12/19/91.]

Title 286 WAC INTERAGENCY COMMITTEE FOR OUTDOOR RECREATION

**Chapter
286-27 Washington wildlife and recreation
program.**

Chapter 286-27 WAC WASHINGTON WILDLIFE AND RECREATION PROGRAM

WAC	
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WAC 286-27-010 Scope. This chapter contains rules affecting the eligibility of local and state agencies to share outdoor recreation and habitat conservation account moneys under the authority of RCW 43.98A.060(1) and 43.98A.070(5). These moneys are available through the interagency committee for outdoor recreation for projects in state parks, local parks, trails, water access, critical habitat, natural areas and urban wildlife habitat categories.