

HOUSE BILL REPORT

HB 2719

*As Reported By House Committee on:
Financial Institutions & Insurance*

Title: An act relating to permitted transactions by insurance agent-brokers.

Brief Description: Permitting certain transactions by insurance agent-brokers.

Sponsor(s): Representatives R. Meyers, Paris and Anderson.

Brief History:

Reported by House Committee on:
Financial Institutions & Insurance, January 30, 1992,
DPS.

**HOUSE COMMITTEE ON
FINANCIAL INSTITUTIONS & INSURANCE**

Majority Report: *The substitute bill be substituted therefor and the substitute bill do pass.* Signed by 12 members: Representatives Dellwo, Chair; Zellinsky, Vice Chair; Broback, Ranking Minority Member; Anderson; Dorn; Inslee; R. Johnson; R. Meyers; Paris; Schmidt; Scott; and Winsley.

Staff: John Conniff (786-7119).

Background: Some agents and brokers hold dual agent/broker licenses. When such persons are placing business with an insurance company that has appointed the person as an agent, the person may only act in an agency capacity and may not act as broker to place business with the company. As a result, if the insurance company markets a particular insurance product that is not addressed or authorized for sale in the agency agreement, the agent is unable to place the business in a broker capacity that would be permitted if the broker did not also have an agency agreement with the company.

Summary of Substitute Bill: A person who holds both an agent and broker's license may place business with an insurance company on a brokerage basis if the agency agreement between the person and the company does not permit the desired transaction. The agent must disclose these facts to the insurance applicant.

Substitute Bill Compared to Original Bill: Technical amendments are made and a consumer disclosure provision is added.

Fiscal Note: Not requested.

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

Testimony For: Some insurance companies market specialized insurance policies through an exclusive agency agreement with a single agent. Other agents of the company are unable to purchase such insurance for a client unless the agent can act in a broker capacity. State law should be amended to permit dual license holders to act as broker when their agency agreement does not cover the desired insurance policy.

Testimony Against: None.

Witnesses: (Pro) Steve Wehrly, Insurance Brokers.