

# HOUSE BILL REPORT

## HB 2822

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*As Passed House  
February 13, 1992*

**Title:** An act relating to unauthorized insurers.

**Brief Description:** Making certain persons personally liable for the performance of insurance policies with unauthorized insurers.

**Sponsor(s):** Representatives Dellwo, Broback, Zellinsky, Winsley, Mielke, R. Johnson, Paris and R. Meyers.

**Brief History:**

Reported by House Committee on:

Financial Institutions & Insurance, January 30, 1992, DP;  
Passed House, February 13, 1992, 96-0.

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**HOUSE COMMITTEE ON  
FINANCIAL INSTITUTIONS & INSURANCE**

**Majority Report:** *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:** Insurance companies must obtain a certificate of authority to transact business within the state. Insurance companies without such a certificate are unauthorized insurers. Under limited circumstances, an unauthorized insurance company may provide insurance for risks within the state. However, such insurance may only be procured or provided through a properly licensed surplus lines broker.

**Summary of Bill:** A person, other than a duly licensed surplus line broker acting in good faith under his or her license, who makes a contract of insurance on behalf of an unauthorized insurer is personally liable for the performance of the contract.

**Fiscal Note:** Not requested.

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

**Testimony For:** Some persons violate state law by selling insurance for companies not authorized to do business in Washington State. Often this activity involves fraud through the creation of unlicensed companies. By imposing liability for an policy sold by an unlicensed person on behalf of an unauthorized company, consumers hurt by such activity may have a greater chance of recovering some of the money paid for insurance when the unauthorized insurance company either goes broke or turns out to be fictitious.

**Testimony Against:** None.

**Witnesses:** (Pro): Walt Corneille, Surplus Line Brokers; J. Scott Jarvis, Insurance Commissioner's Office; and Clark Seitz, Independent Insurance Agents.