

SENATE BILL REPORT

HB 2822

AS OF FEBRUARY 27, 1992

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

SPONSORS: Representatives Dellwo, Broback, Zellinsky, Winsley, Mielke, R. Johnson, Paris and R. Meyers

HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

Staff: Tom Fender (786-7414)

Hearing Dates: February 28, 1992

BACKGROUND:

It has been reported that consumers are being subjected to losses as a result of having dealt with unlicensed surplus line companies. In many cases, these companies are not only unlicensed but do not represent any legitimate form of insurance carrier.

In collaboration with the Insurance Commissioner, surplus line brokers have investigated remedies for dealing with this situation. An effective tool has been legislation used in southern states from which this proposal is modeled. This effect is achieved by creating a Title 48 remedy in addition to the contract remedy that now exists. Accordingly, it is possible to seize assets before illusory companies cease operation and/or depart the state.

SUMMARY:

Any individual transacting business in the name of an unlicensed company is personally liable for resulting losses.

Appropriation: none

Revenue: none

Fiscal Note: none requested