

FINAL BILL REPORT

SB 6396

C 149 L 92

SYNOPSIS AS ENACTED

Brief Description: Making certain unauthorized insurance brokers personally liable for contracts of insurance.

SPONSORS: Senators von Reichbauer, Pelz, Erwin, Moore, Vognild and Conner

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

BACKGROUND:

Consumers are reportedly being subjected to losses as a result of dealing 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. Legislation used in southern states has provided a model for this proposal. The creation of a Title 48 remedy will, in addition to the existing contract remedy, make it 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.

VOTES ON FINAL PASSAGE:

Senate	47	0
House	96	0

EFFECTIVE: June 11, 1992