

CERTIFICATION OF ENROLLMENT

SENATE BILL 6377

53rd Legislature
1994 Regular Session

Passed by the Senate March 6, 1994
YEAS 43 NAYS 0

President of the Senate

Passed by the House March 2, 1994
YEAS 94 NAYS 0

**Speaker of the
House of Representatives**

Approved

Governor of the State of Washington

CERTIFICATE

I, Marty Brown, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SENATE BILL 6377** as passed by the Senate and the House of Representatives on the dates hereon set forth.

Secretary

FILED

**Secretary of State
State of Washington**

SENATE BILL 6377

AS AMENDED BY THE HOUSE

Passed Legislature - 1994 Regular Session

State of Washington 53rd Legislature 1994 Regular Session

By Senator Moore

Read first time 01/20/94. Referred to Committee on Labor & Commerce.

1 AN ACT Relating to compensation of insurance brokers; and amending
2 RCW 48.17.270, 48.18.180, 48.30.140, and 48.30.170.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 **Sec. 1.** RCW 48.17.270 and 1993 c 455 s 1 are each amended to read
5 as follows:

6 (1) A licensed agent may be licensed as a broker and be a broker as
7 to insurers for which the licensee is not then appointed as agent. A
8 licensed broker may be licensed as and be an agent as to insurers
9 appointing such agent. The sole relationship between a broker and an
10 insurer as to which the licensee is appointed as an agent shall, as to
11 transactions arising during the existence of such agency appointment,
12 be that of insurer and agent. ~~((In a situation where an insurer has a
13 special arrangement with respect to a particular insurance policy
14 whereby it deals with brokers only, its appointed agents who are also
15 licensed brokers may, with the approval of the insurer, participate in
16 the arrangement and receive a broker's fee therefor, provided there is
17 full disclosure of the facts to the insured or applicant for the
18 insurance.))~~

1 (2) Unless the agency-insurer agreement provides to the contrary,
2 an insurance agent licensed as a broker may, with respect to property
3 and casualty insurance, receive the following compensation:

4 (a) A commission paid by the insurer;

5 (b) A fee paid by the insured; or

6 (c) A combination of commission paid by the insurer and a fee paid
7 by the insured from which a broker may offset or reimburse the insured
8 for all or part of the fee.

9 If the compensation received by an agent who is also licensed as a
10 broker and who is dealing directly with the insured includes a fee, the
11 full amount of compensation, including an explanation of any offset or
12 reimbursement, must be disclosed in writing, signed by the broker and
13 the insured, and the writing must be retained by the broker for not
14 less than five years.

15 **Sec. 2.** RCW 48.18.180 and 1947 c 79 s .18.18 are each amended to
16 read as follows:

17 (1) The premium stated in the policy shall be inclusive of all
18 fees, charges, premiums, or other consideration charged for the
19 insurance or for the procurement thereof.

20 (2) No insurer or its officer, employee, agent, solicitor, or other
21 representative shall charge or receive any fee, compensation, or
22 consideration for insurance which is not included in the premium
23 specified in the policy.

24 (3) Each violation of this section is a gross misdemeanor.

25 (4) This section does not apply to a fee paid to a broker by an
26 insured as provided in RCW 48.17.270.

27 **Sec. 3.** RCW 48.30.140 and 1990 1st ex.s. c 3 s 8 are each amended
28 to read as follows:

29 (1) Except to the extent provided for in an applicable filing with
30 the commissioner then in effect, no insurer, general agent, agent,
31 broker, or solicitor shall, as an inducement to insurance, or after
32 insurance has been effected, directly or indirectly, offer, promise,
33 allow, give, set off, or pay to the insured or to any employee of the
34 insured, any rebate, discount, abatement, or reduction of premium or
35 any part thereof named in any insurance contract, or any commission
36 thereon, or earnings, profits, dividends, or other benefit, or any

1 other valuable consideration or inducement whatsoever which is not
2 expressly provided for in the policy.

3 (2) Subsection (1) of this section shall not apply as to
4 commissions paid to a licensed agent, general agent, broker, or
5 solicitor for insurance placed on that person's own property or risks.

6 (3) This section shall not apply to the allowance by any marine
7 insurer, or marine insurance agent, general agent, broker, or
8 solicitor, to any insured, in connection with marine insurance, of such
9 discount as is sanctioned by custom among marine insurers as being
10 additional to the agent's or broker's commission.

11 (4) This section shall not apply to advertising or promotional
12 programs conducted by insurers, agents, or brokers whereby prizes,
13 goods, wares, or merchandise, not exceeding twenty-five dollars in
14 value per person in the aggregate in any twelve month period, are given
15 to all insureds or prospective insureds under similar qualifying
16 circumstances.

17 (5) This section does not apply to an offset or reimbursement of
18 all or part of a fee paid to a broker as provided in RCW 48.17.270.

19 **Sec. 4.** RCW 48.30.170 and 1947 c 79 s .30.17 are each amended to
20 read as follows:

21 (1) No insured person shall receive or accept, directly or
22 indirectly, any rebate of premium or part thereof, or any favor,
23 advantage, share in dividends, or other benefits, or any valuable
24 consideration or inducement not specified or provided for in the
25 policy, or any commission on any insurance policy to which he or she is
26 not lawfully entitled as a licensed agent, broker, or solicitor. The
27 retention by the nominal policyholder in any group life insurance
28 contract of any part of any dividend or reduction of premium thereon
29 contrary to the provisions of RCW 48.24.260, shall be deemed the
30 acceptance and receipt of a rebate and shall be punishable as provided
31 by this code.

32 (2) The amount of insurance whereon the insured has so received or
33 accepted any such rebate or any such commission, other than as to life
34 or disability insurances, shall be reduced in the proportion that the
35 amount or value of the rebate or commission bears to the premium for
36 such insurance. In addition to such reduction of insurance, if any,
37 any such insured shall be liable to a fine of not more than two hundred
38 dollars.

1 (3) This section shall not apply to an offset or reimbursement of
2 all or part of a fee paid to a broker as provided in RCW 48.17.270.

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