

CERTIFICATION OF ENROLLMENT

**SENATE BILL 6377**

Chapter 203, Laws of 1994

53rd Legislature  
1994 Regular Session

INSURANCE BROKERS AND AGENTS--COMPENSATION

EFFECTIVE DATE: 6/9/94

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

JOEL PRITCHARD

\_\_\_\_\_  
**President of the Senate**

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

BRIAN EBERSOLE

\_\_\_\_\_  
**Speaker of the  
House of Representatives**

Approved March 30, 1994

MIKE LOWRY

\_\_\_\_\_  
**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.

MARTY BROWN

\_\_\_\_\_  
**Secretary**

FILED

March 30, 1994 - 1:53 p.m.

**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.

Passed the Senate March 6, 1994.

Passed the House March 2, 1994.

Approved by the Governor March 30, 1994.

Filed in Office of Secretary of State March 30, 1994.