
ENGROSSED HOUSE BILL 2457

State of Washington

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2012 Regular Session

By Representatives Kirby and Bailey

Read first time 01/16/12. Referred to Committee on Business & Financial Services.

1 AN ACT Relating to specialty producer licenses; amending RCW
2 48.120.005, 48.120.010, 48.120.015, and 48.120.020; and reenacting and
3 amending RCW 48.17.170.

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

5 **Sec. 1.** RCW 48.120.005 and 2008 c 217 s 94 are each amended to
6 read as follows:

7 The definitions in this section apply throughout this chapter
8 unless the context clearly requires otherwise.

9 (1) (~~"Communications equipment" means handsets, pagers, personal~~
10 ~~digital assistants, portable computers, automatic answering devices,~~
11 ~~batteries, and their accessories or other devices used to originate or~~
12 ~~receive communications signals or service approved for coverage by rule~~
13 ~~of the commissioner, and also includes services related to the use of~~
14 ~~the devices.)) "Portable electronics" means personal, self-contained,
15 easily carried by an individual, battery-operated electronic
16 communication, viewing, listening, recording, gaming, computing or
17 global positioning devices and other similar devices and their
18 accessories, and service related to the use of such devices.~~

1 (2) "~~((Communications equipment))~~ Portable electronics insurance
2 program" means an insurance program as described in RCW 48.120.015.

3 (3) "~~("Communications service" means the service necessary to send,
4 receive, or originate communications signals)~~ "Portable electronics
5 transaction" means the sale or lease of portable electronics or the
6 sale of a service related to the use of portable electronics by a
7 vendor to a customer.

8 (4) "Customer" means a person (~~(or entity purchasing or leasing
9 communications equipment or communications services from)~~) that enters
10 into a portable electronics transaction with a vendor.

11 (5) "Specialty producer license" means a license issued under RCW
12 48.120.010 that authorizes a vendor to offer or sell insurance as
13 provided in RCW 48.120.015.

14 (6) "Supervising (~~(agent)~~) person" means a licensed insurer or an
15 appointed insurance producer licensed under RCW 48.17.090 who provides
16 training as described in RCW 48.120.020 and is (~~(affiliated to a
17 licensed vendor)~~) appointed by an insurer to supervise the
18 administration of a portable electronics insurance program.

19 (7) "Vendor" means a person (~~(or entity resident or with offices in
20 this state)~~) in the business of (~~(leasing, selling, or providing
21 communications equipment or communications service to customers)~~),
22 directly or indirectly, engaging in portable electronics transactions.

23 (8) "Appointing insurer" means the insurer appointing the vendor as
24 its agent under a specialty producer license.

25 (9) "Federal securities law" means the securities act of 1933, the
26 securities exchange act of 1934, and the investment company act of
27 1940.

28 (10) "Location" means any physical locale in this state and any web
29 site, call center site, or similar site directed to residents of this
30 state.

31 **Sec. 2.** RCW 48.120.010 and 2008 c 217 s 95 are each amended to
32 read as follows:

33 (1) A vendor that intends to offer insurance under RCW 48.120.015
34 must file a specialty producer license application with the
35 commissioner. Before the commissioner issues such a license, the
36 vendor must be appointed as the insurance producer of one or more

1 authorized appointing insurers under a vendor's specialty producer
2 license.

3 (2) Upon receipt of an application, if the commissioner is
4 satisfied that the application is complete, the commissioner may issue
5 a specialty producer license to the vendor.

6 (3) An application for licensure pursuant to this section must
7 conform to the requirements of chapter 48.17 RCW. However, information
8 with respect to an applicant's officers, directors, and shareholders of
9 record having beneficial ownership of ten percent or more of any class
10 of securities registered under federal securities law may only be
11 required if the vendor derives more than fifty percent of its revenue
12 from the sale of portable electronics insurance.

13 **Sec. 3.** RCW 48.120.015 and 2002 c 357 s 3 are each amended to read
14 as follows:

15 (1) A specialty producer license authorizes a vendor and its
16 employees and authorized representatives to offer and sell to, enroll
17 in, and bill and collect premiums from customers for insurance covering
18 (~~communications — equipment~~) portable electronics on a master,
19 corporate, group, or on an individual policy basis at each location at
20 which the vendor engages in portable electronics transactions.
21 However:

22 (a) The supervising person must maintain a list of a vendor's
23 locations that are authorized to sell or solicit portable electronics
24 insurance coverage; and

25 (b) The list under (a) of this subsection must be provided to the
26 commissioner within ten days of a request by the commissioner.

27 (2) An employee or authorized representative of a vendor may sell
28 or offer portable electronics insurance to the vendor's customers
29 without being individually licensed as an insurance producer if the
30 vendor is licensed under this chapter and is acting in compliance with
31 this chapter and any rules adopted by the commissioner.

32 (3) A vendor billing and collecting premiums from customers for
33 portable electronics insurance coverage is not required to maintain
34 these funds in a segregated account if the vendor:

35 (a) Is authorized by the insurer to hold the funds in an
36 alternative manner; and

1 (b) Remits the funds to the supervising person within sixty days of
2 receipt.

3 (4) All funds received by a vendor from an enrolled customer for
4 the sale of portable electronics insurance are considered funds held in
5 trust by the vendor in a fiduciary capacity for the benefit of the
6 insurer.

7 (5) Any charge to the enrolled customer for coverage that is not
8 included in the cost associated with the purchase or lease of portable
9 electronics or related services must be separately itemized on the
10 enrolled customer's bill.

11 (6) If portable electronics insurance coverage is included with the
12 purchase or lease of portable electronics or related services, the
13 vendor must clearly and conspicuously disclose to the enrolled customer
14 that the portable electronics insurance coverage is included with the
15 portable electronics or related services.

16 (7) Vendors may receive compensation for billing and collection
17 services.

18 **Sec. 4.** RCW 48.120.020 and 2002 c 357 s 4 are each amended to read
19 as follows:

20 (1) A vendor issued a specialty producer license may not issue
21 insurance under RCW 48.120.015 unless:

22 (a) At every location where customers are enrolled in
23 (~~communications equipment~~) portable electronics insurance programs,
24 written material regarding the program is made available to prospective
25 customers that:

26 (i) Discloses that portable electronics insurance may provide a
27 duplication of coverage already provided by a customer's homeowner's
28 insurance policy, renter's insurance policy, or other source of
29 coverage;

30 (ii) States that the enrollment by the customer in a portable
31 electronics insurance program is not required in order to purchase or
32 lease portable electronics or services;

33 (iii) Summarizes the material terms of the insurance coverage,
34 including the identity of the insurer, the identity of the supervising
35 person, the amount of any applicable deductible and how it is to be
36 paid, benefits of the coverage, and key terms and conditions of

1 coverage, such as whether portable electronics may be replaced with a
2 similar make and model or reconditioned make and model or repaired with
3 nonoriginal manufacturer parts or equipment;

4 (iv) Summarizes the process for filing a claim, including a
5 description of how to return portable electronics and the maximum fee
6 applicable in the event the customer fails to comply with any equipment
7 return requirements; and

8 (v) States that an enrolled customer may cancel enrollment for
9 coverage under a portable electronics insurance policy at any time and
10 the person paying the premium will receive a refund of any applicable
11 unearned premium; and

12 (b) The (~~communications equipment~~) portable electronics insurance
13 program is operated with the participation of a supervising ((agent))
14 person who, with authorization and approval from the appointing
15 insurer, supervises a training program for employees of the licensed
16 vendor. The training must comply with the following:

17 (i) The training must be delivered to employees and authorized
18 representatives of vendors who are directly engaged in the activity of
19 selling or offering portable electronics insurance;

20 (ii) The training may be provided in electronic form. However, if
21 conducted in an electronic form, the supervising person must implement
22 a supplemental education program regarding the portable electronics
23 insurance product that is conducted and overseen by licensed employees
24 of the supervising person; and

25 (iii) Each employee and authorized representative must receive
26 basic instruction about the portable electronics insurance offered to
27 customers and the disclosures required under this section.

28 (2) No employee or authorized representative of a vendor of
29 portable electronics may advertise, represent, or otherwise hold
30 himself or herself out as a nonlimited lines licensed insurance
31 producer.

32 ((+2)) (3) Employees and authorized representatives of a vendor
33 issued a specialty producer license may only act on behalf of the
34 vendor in the offer, sale, solicitation, or enrollment of customers in a
35 a (~~communications equipment~~) portable electronics insurance program.
36 The conduct of these employees and authorized representatives within
37 the scope of their employment or agency is the same as conduct of the
38 vendor for purposes of this title.

1 **Sec. 5.** RCW 48.17.170 and 2009 c 162 s 19 and 2009 c 119 s 11 are
2 each reenacted and amended to read as follows:

3 (1) Unless denied licensure under RCW 48.17.530, persons who have
4 met the requirements of RCW 48.17.090 and 48.17.110 shall be issued an
5 insurance producer license. An insurance producer may receive a
6 license in one or more of the following lines of authority:

7 (a) "Life," which is insurance coverage on human lives, including
8 benefits of endowment and annuities, and may include benefits in the
9 event of death or dismemberment by accident and benefits for disability
10 income;

11 (b) "Disability," which is insurance coverage for accident, health,
12 and disability or sickness, bodily injury, or accidental death, and may
13 include benefits for disability income;

14 (c) "Property," which is insurance coverage for the direct or
15 consequential loss or damage to property of every kind;

16 (d) "Casualty," which is insurance coverage against legal
17 liability, including that for death, injury, or disability or damage to
18 real or personal property;

19 (e) "Variable life and variable annuity products," which is
20 insurance coverage provided under variable life insurance contracts,
21 variable annuities, or any other life insurance or annuity product that
22 reflects the investment experience of a separate account;

23 (f) "Personal lines," which is property and casualty insurance
24 coverage sold to individuals and families for primarily noncommercial
25 purposes;

26 (g) Limited lines:

27 (i) Surety;

28 (ii) Limited line credit insurance;

29 (iii) Travel;

30 (h) Specialty lines:

31 (i) (~~Communications equipment or services~~) Portable electronics;

32 (ii) Rental car;

33 (iii) Self-service storage; or

34 (i) Any other line of insurance permitted under state laws or
35 rules.

36 (2) Unless denied licensure under RCW 48.17.530, persons who have
37 met the requirements of RCW 48.17.090(4) shall be issued a title
38 insurance agent license.

1 (3) All insurance producers', title insurance agents', and
2 adjusters' licenses issued by the commissioner shall be valid for the
3 time period established by the commissioner unless suspended or revoked
4 at an earlier date.

5 (4) Subject to the right of the commissioner to suspend, revoke, or
6 refuse to renew any insurance producer's, title insurance agent's, or
7 adjuster's license as provided in this title, the license may be
8 renewed into another like period by filing with the commissioner by any
9 means acceptable to the commissioner on or before the expiration date
10 a request, by or on behalf of the licensee, for such renewal
11 accompanied by payment of the renewal fee as specified in RCW
12 48.14.010.

13 (5) If the request and fee for renewal of an insurance producer's,
14 title insurance agent's, or adjuster's license are filed with the
15 commissioner prior to expiration of the existing license, the licensee
16 may continue to act under such license, unless sooner revoked or
17 suspended, until the issuance of a renewal license, or until the
18 expiration of fifteen days after the commissioner has refused to renew
19 the license and has mailed notification of such refusal to the
20 licensee. If the request and fee for the license renewal are not
21 received by the expiration date, the authority conferred by the license
22 ends on the expiration date.

23 (6) If the request for renewal of an insurance producer's, title
24 insurance agent's, or adjuster's license and payment of the fee are not
25 received by the commissioner prior to the expiration date, the
26 applicant for renewal shall pay to the commissioner, in addition to the
27 renewal fee, a surcharge as follows:

28 (a) For the first thirty days or part thereof of delinquency, the
29 surcharge is fifty percent of the renewal fee;

30 (b) For the next thirty days or part thereof of delinquency, the
31 surcharge is one hundred percent of the renewal fee.

32 (7) If the request for renewal of an insurance producer's, title
33 insurance agent's, or adjuster's license and fee for the renewal are
34 received by the commissioner after sixty days but prior to twelve
35 months after the expiration date, the application is for reinstatement
36 of the license and the applicant for reinstatement must pay to the
37 commissioner the license fee and a surcharge of two hundred percent of
38 the license fee.

1 (8) Subsections (6) and (7) of this section do not exempt any
2 person from any penalty provided by law for transacting business
3 without a valid and subsisting license or appointment.

4 (9) An individual insurance producer, title insurance agent, or
5 adjuster who allows his or her license to lapse may, within twelve
6 months after the expiration date, reinstate the same license without
7 the necessity of passing a written examination.

8 (10) A licensed insurance producer who is unable to comply with
9 license renewal procedures due to military service or some other
10 extenuating circumstance such as a long-term medical disability, may
11 request a waiver of those procedures. The producer may also request a
12 waiver of any examination requirement or any other fine or sanction
13 imposed for failure to comply with renewal procedures.

14 (11) The license shall contain the licensee's name, address,
15 personal identification number, and the date of issuance, lines of
16 authority, expiration date, and any other information the commissioner
17 deems necessary.

18 (12) Licensees shall inform the commissioner by any means
19 acceptable to the commissioner of a change of address within thirty
20 days of the change. Failure to timely inform the commissioner of a
21 change in legal name or address may result in a penalty under either
22 RCW 48.17.530 or 48.17.560, or both.

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