

# SENATE BILL REPORT

## SB 5026

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As of January 10, 2023

**Title:** An act relating to the elimination of preclicensing education requirements for licensed insurance producers.

**Brief Description:** Eliminating preclicensing education requirements for licensed insurance producers.

**Sponsors:** Senators Mullet and Dozier.

**Brief History:**

**Committee Activity:** Business, Financial Services, Gaming & Trade: 1/10/23.

**Brief Summary of Bill**

- Removes pre-licensing education requirements for first-time resident insurance producer licensee applicants.

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### SENATE COMMITTEE ON BUSINESS, FINANCIAL SERVICES, GAMING & TRADE

**Staff:** Kellee Gunn (786-7429)

**Background:** Resident Insurance Producer Licensing in Washington. All persons wishing to sell, solicit, or negotiate insurance contracts in Washington State for any line of insurance must be licensed as an insurance producer. Insurance producer licenses are available through the Office of the Insurance Commissioner (OIC). Licensing requirements differ depending on the major line of authority (LOA) sought, such as life, disability, property, casualty and personal lines.

First-time Resident Producer Licensees in Washington. First-time resident producer license applicants must:

- be at least 18 years of age;
- complete pre-licensing education (PLE) for each major LOA wished to be obtained;

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- pay any required fees; and
- successfully pass the state examinations for the LOA in which they have applied.

All persons applying for a resident insurance producer license must not have committed any act that is grounds for dismissal. Each applicant shall furnish fingerprints for submission to the governmental agency or entity authorized to receive this information for the state and national criminal background check.

Resident Producers From Other States Who Move to Washington. Any resident producer licensed in another state, who wishes to move their residence to Washington, may waive the PLE and exam requirements if they apply for their Washington State license, cancel their previous home state license, and submit fingerprints within 90 days of moving to the state.

Continuing Education. All licensees must follow up with continuing education requirements over the course of their career.

Pre-licensing Education Requirements. Twenty-four states, including Washington, require first-time resident producer licensees to complete PLEs. The number of hours required of the PLE differs by state and major LOA. In Washington, an applicant must complete 20 hours of PLE for each LOA wished to be obtained.

**Summary of Bill:** Those seeking a license as a first-time resident insurance producer are not required to complete pre-licensing education to obtain their insurance producer license in Washington.

**Appropriation:** None.

**Fiscal Note:** Requested on January 4, 2023.

**Creates Committee/Commission/Task Force that includes Legislative members:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony:** PRO: The examination to become a licensed insurance agent in Washington State is complicated and passing requires extensive study and knowledge. Removing the education requirement opens the door to individuals who are unable to afford the PLE courses, which can be upward of \$500. The bill aims to diversify the insurance employee pool by eliminating this barrier to entry. This will provide more employment options to more individuals and will help fill the gaps that insurance agencies are facing. Other states have already lifted this requirement and have not reported a significant impact on exam pass rates. Insurance producers in the have not reported significant concerns regarding the removal of the pre-license requirement.

Any person wanting to become an insurance producer can still take a PLE. This bill does

not take away option. We need competent insurance producers. There are many changes in the workforce right now. Many people are working multiple jobs that may not have time to take PLEs, but they will still need to meet the ultimate bar. Having worked with the OIC licensing teams, they have no desire to dumb down the exam. This will reach more middle- and lower-income people and those from diverse backgrounds.

CON: Independent insurance agents are in opposition of this bill. They helped establish the pre-license education requirement to set a high standard of professionalism in this career field. Requiring the pre-requisite courses sets a high bar and ensures the quality of insurance agents, necessary for the adequate management of insurance. Being able to set aside the time for their proper education demonstrates an individual's commitment to the profession. National insurance companies or direct sellers, such as Geico, are estimated to benefit at the expense of local and independent insurance companies if this requirement is lifted. Employers have expressed concern about creating a fast track of uneducated and unprepared workers into the insurance industry.

**Persons Testifying:** PRO: Senator Mark Mullet, Prime Sponsor; David Forte, Office of the Insurance Commissioner; John Mangan, American Council of Life Insurers ; Chris Bandoli, National Association of Insurance and Financial Advisors Washington.

CON: Bill Stauffacher, Independent Insurance Agents and Brokers of Washington.

**Persons Signed In To Testify But Not Testifying:** No one.