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## Consumer Protection & Business Committee

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### HB 1199

**Brief Description:** Strengthening consumer protection through increased insurer accountability for violations of the insurance code.

**Sponsors:** Representatives Taylor, Berry, Reed, Duerr, Tharinger, Paul, Simmons, Wylie, Pollet, Kloba, Ormsby, Salahuddin and Hill; by request of Insurance Commissioner.

#### Brief Summary of Bill

- Authorizes the Insurance Commissioner (Commissioner), after a hearing or with the person's consent, to order the payment of restitution when a person regulated under the Insurance Code possesses or controls fees, money, funds, or other property that belongs, is due, or is owed to another person.
- Requires restitution to be paid with 8 percent simple interest from the date the obligation arose, and paid within 30 days of the order's date.
- Specifies that an existing fine of \$250 to \$10,000 that the Commissioner may levy on an insurer is "per violation."

**Hearing Date:** 1/24/25

**Staff:** Peter Clodfelter (786-7127).

#### Background:

The Insurance Code grants the Insurance Commissioner (Commissioner) authority to prosecute an action in any court of competent jurisdiction to enforce any order made by the Commissioner pursuant to any provision of the Insurance Code. If the Commissioner has cause to believe that

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any person has violated any penal provision of the Insurance Code or of other laws relating to insurance, the Commissioner must certify the facts of the violation to the public prosecutor of the jurisdiction in which the offense was committed.

If the Commissioner has cause to believe that any person is violating or is about to violate any provision of the Insurance Code or any regulation or order of the Commissioner, the Commissioner may issue a cease and desist order and/or may bring an action in any court of competent jurisdiction to enjoin the person from continuing the violation or doing any action in furtherance of the violation. The Attorney General and the several prosecuting attorneys throughout Washington must prosecute or defend all proceedings brought pursuant to the Insurance Code when requested by the Commissioner.

After a hearing or with an insurer's consent, and in addition to or instead of a suspension, revocation, or refusal to renew a certificate of authority, the Commissioner may levy a fine of not less than \$250 nor more than \$10,000 upon an insurer. The order levying the fine must specify when the fine must be fully paid and must not be less than 15 nor more than 30 days from the date of the order. Upon failure to pay a fine when due, the Commissioner must revoke the insurer's certificate of authority if not already revoked, and the fine may be recovered in a civil action brought on behalf of the Commissioner by the Attorney General. Any fine collected must be paid by the Commissioner to the State Treasurer for the General Fund.

**Summary of Bill:**

Authority is granted to the Commissioner to order the payment of restitution when the Commissioner has cause to believe that any person is violating or is about to violate any provision of the Insurance Code or any regulation or order of the Commissioner. This authority is in combination with the Commissioner's existing authority to issue a cease and desist order or bring an action in a court of competent jurisdiction to enjoin the person from continuing the violation or doing any action in furtherance of the violation.

The Commissioner may order payment of restitution when a person regulated by the Insurance Code possesses or controls, directly or indirectly, fees, money, funds, or other property that belongs, is due, or is owed to another person. After a hearing or with the person's consent, the Commissioner may order the person to pay restitution to any person entitled to restitution in the form of fees, money, funds, or other property. Restitution must be paid with 8 percent simple interest from the date the obligation arose. Any restitution ordered by the Commissioner must be paid to the person to whom it is due within 30 days of the date of the order.

**Appropriation:** None.

**Fiscal Note:** Requested on January 13, 2025.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.