

SENATE BILL REPORT

SB 5331

As of January 27, 2025

Title: An act relating to strengthening consumer protection through increased insurer accountability for violations of the insurance code.

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

Sponsors: Senators Cortes, Frame, Hasegawa, Kauffman, Lovelett, Lovick, Nobles, Orwall, Stanford, Trudeau and Wilson, C.; by request of Insurance Commissioner.

Brief History:

Committee Activity: Business, Financial Services & Trade: 1/30/25.

Brief Summary of Bill

- Authorizes the Office of the Insurance Commissioner to order the payment of restitution in enforcement actions.
- Authorizes the Office of the Insurance Commissioner to levy fines against authorized insurers of up to \$10,000 per violation, rather than \$10,000 total.

SENATE COMMITTEE ON BUSINESS, FINANCIAL SERVICES & TRADE

Staff: John Kim (786-7453)

Background: The Office of the Insurance Commissioner (OIC) administers the Washington Insurance Code (code) and oversees insurance companies and insurance professionals conducting business in the state. As part of its enforcement authority, the OIC may prosecute an action in any court of competent jurisdiction to enforce an order by the commissioner pursuant to any provision of the code. If the OIC has cause to believe that any person is violating or is about to violate any provision of the code or any regulation or

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

order of the commissioner, the OIC may issue a cease and desist order or bring an action to enjoin the person from continuing the violation or doing any action in furtherance thereof.

An authorized insurer is an insurer transacting insurance in the state through a certificate of authority issued by the OIC. In imposing disciplinary actions against an authorized insurer, the OIC is authorized to levy a fine in addition to or in lieu of suspending, revoking, or refusing to review the insurer's certificate of authority. The amount of the fine may not be less than \$250 and may not be more than \$10,000.

Summary of Bill: Authority to Order Restitution. In addition to its authority to issue cease and desist orders and bring actions for injunctive relief, the OIC may also order the payment of restitution when a person regulated under the code possesses or controls, directly or indirectly, such fees, money, funds, or other property that belongs to, is due to, or is owed to another person.

After hearing or with the consent of the person, the OIC may order such 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. It must be paid to the person to whom it is due within 30 days of the date of the order.

Authorized Insurer Fines. The OIC may levy fines against authorized insurers of up to \$10,000 per violation, rather than \$10,000 total.

Appropriation: None.

Fiscal Note: Requested on January 22, 2025.

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

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