

WSR 23-18-089
PROPOSED RULES
OFFICE OF THE
INSURANCE COMMISSIONER

[Insurance Commissioner Matter R 2023-04—Filed September 6, 2023, 9:00 a.m.]

Original Notice.

Preproposal statement of inquiry was filed as WSR 23-15-112.

Title of Rule and Other Identifying Information: Implementation of HB 1061 (chapter 21, Laws of 2023) Insurance producers—Prelicensing education.

Hearing Location(s): On Tuesday, October 10, 2023, at 10:00 a.m. Zoom meeting posted on the office of the insurance commissioner (OIC) website here <https://www.insurance.wa.gov/eliminating-prelicensing-education-requirements-insurance-producers-r-2023-04>. Written comments are due to OIC by close of business (5 p.m. PST) on October 11, 2023. Written comments can be emailed to RulesCoordinator@oic.wa.gov.

Date of Intended Adoption: October 12, 2023.

Submit Written Comments to: Andrew Davis, P.O. Box 40260, Olympia, WA 98504-0260, email rulescoordinator@oic.wa.gov, fax 360-586-3109, by October 11, 2023.

Assistance for Persons with Disabilities: Contact Katie Bennett, phone 360-725-7013, fax 360-586-2023, TTY 360-586-0241, email katie.bennett@oic.wa.gov.

Purpose of the Proposal and Its Anticipated Effects, Including Any Changes in Existing Rules: OIC will consider adopting rules to amend sections of chapter 284-17 WAC following passage of HB 1061, which eliminated the requirement that an applicant for a resident insurance producer license complete a prelicensure course of study for the lines of authority for which the person applied. This rule making will remove language referencing prelicensing education from existing rules to align with the newly amended statute. For purposes of clarification, a definition from repealed WAC 284-17-505 was preserved and listed under WAC 284-17-001.

Reasons Supporting Proposal: Eliminating the prelicensing education requirement for producers provides applicants the flexibility to study in the way that works best for them to pass the exam. This proposal removes a barrier to let more people enter the insurance profession. It also increases the number of producers selling insurance products and brings them to communities across the state at a time when the industry is not producing enough insurance producers.

Statutory Authority for Adoption: RCW 48.02.060 and 48.17.005.

Statute Being Implemented: RCW 48.17.090.

Rule is not necessitated by federal law, federal or state court decision.

Name of Proponent: OIC, governmental.

Name of Agency Personnel Responsible for Drafting: Andrew Davis, P.O. Box 40260, Olympia, WA 98504-0260, 360-586-3109; Implementation: Jeff Baughman, P.O. Box 40260, Olympia, WA 98504-0260, 360-725-7156; and Enforcement: Charles Malone, P.O. Box 40260, Olympia, WA 98504-0260, 360-725-7050.

A school district fiscal impact statement is not required under RCW 28A.305.135.

A cost-benefit analysis is not required under RCW 34.05.328. This rule making is exempt from the cost-benefit analysis under RCW 34.05.328 (5) (b) (iii) and 34.05.328 (5) (b) (v). Under RCW 34.05.328 (5) (b) (iii), rule making is exempt from a cost-benefit analysis if the

proposed rules are adopting or incorporating by reference without material change Washington state statutes, if the material adopted or incorporated regulates the same subject matter and conduct as the adopting or incorporating rules. Here, OIC is adopting statutory requirements for insurance producer licensing under RCW 48.17.090 into WAC as rules that regulate the same subject matter without material change.

Additionally, under RCW 34.05.328 (5)(b)(v), rule making is exempt from a cost-benefit analysis if the content of the rules is explicitly and specially dictated by statute. Here, the proposed producer licensure rules under chapter 284-17 WAC are drafted to align with RCW 48.17.090, and these rules are explicitly and specifically dictated by statute.

This rule proposal, or portions of the proposal, is exempt from requirements of the Regulatory Fairness Act because the proposal:

Is exempt under RCW 19.85.025(3) as the rule content is explicitly and specifically dictated by statute.

Is exempt under RCW 34.05.310 (4)(c) and (e).

Explanation of exemptions: Under RCW 34.05.310 (4)(c), rule making is exempt if the proposed rules are adopting or incorporating by reference without material change Washington state statutes, if the material adopted or incorporated regulates the same subject matter and conduct as the adopting or incorporating rules. Here, OIC is adopting statutory requirements for insurance producer licensing under RCW 48.17.090 into WAC as rules that regulate the same subject matter without material change.

Additionally, under RCW 34.05.310 (4)(e), rule making is exempt if the content of the rules is explicitly and specially dictated by statute. Here, the proposed producer licensure rules under chapter 284-17 WAC are drafted to align with RCW 48.17.090, and these rules are explicitly and specifically dictated by statute.

Scope of exemption for rule proposal:

Is fully exempt.

September 6, 2023
Mike Kreidler
Insurance Commissioner

OTS-4748.3

AMENDATORY SECTION (Amending WSR 13-14-099, filed 7/2/13, effective 8/2/13)

WAC 284-17-001 Definitions. For purposes of this chapter, unless the context requires otherwise:

(1) "Affiliation" is a type of appointment whereby a business entity authorizes an individual insurance producer or surplus line broker to represent it when conducting insurance business.

(2) "Business entity" has the meaning set forth in RCW 48.17.010(2) and includes a sole proprietorship having associated licensees authorized to act on its behalf in the business or trade name of the sole proprietorship.

(3) "Days" means calendar days including Saturday and Sunday and holidays, unless otherwise specified.

(4) "Electronic submission" or "submitted electronically" means submission of a licensing process by an applicant, licensee, insurer, or education provider by means of the commissioner's website or a third-party licensing provider or other state agency.

(5) "File" means a record in any retrievable format, and unless otherwise specified, includes paper and electronic formats.

(6) "Home state" has the meaning set forth in RCW 48.17.010(4).

(7) "Independent testing service" means the entity having a contract with the commissioner to develop, administer, and score insurance examinations.

(8) "Insurer" has the meaning set forth in RCW 48.17.010(7).

~~((8))~~ (9) "Licensee" means a person licensed by the commissioner under Title 48 RCW to sell, solicit or negotiate insurance and includes adjusters and surplus line brokers.

~~((9))~~ (10) "Line of authority" means a license issued in one or more lines of insurance listed in RCW 48.17.170.

~~((10))~~ (11) "NAIC" means the National Association of Insurance Commissioners.

~~((11))~~ (12) "Third-party licensing provider" is designated on the commissioner's website at: www.insurance.wa.gov.

~~((12))~~ (13) "Reinstatement" means the reissuance by the commissioner of a license that was not renewed more than ~~((sixty))~~ 60 days but fewer than ~~((twelve))~~ 12 months after its expiration date.

~~((13))~~ (14) "Resident" means a person who has elected to make Washington his or her home state, or, in the case of a business entity, has a place of business in this state.

~~((14))~~ (15) "Sending written notice" or "sending a copy of the written notice" means transmitting the required information in writing and, where required, on forms designated by the commissioner for that purpose, via first class mail, commercial parcel delivery company, telefacsimile, or electronic transmission, unless a specific method of transmission is specified.

~~((15))~~ (16) "Specialty producer license—Portable electronics" means a license issued under RCW 48.120.010 that authorizes a vendor to offer or sell insurance as provided in RCW 48.120.015.

~~((16))~~ (17) "Surety" means that limited line of authority of insurance or bond that covers obligations to pay the debts of, or answer for the default of another, including faithlessness in a position of public or private trust.

~~((17))~~ (18) "Travel insurance" means insurance coverage for personal risks incident to planned travel including, but not limited to:

- (a) Interruption or cancellation of trip or event;
- (b) Loss of baggage or personal effects;
- (c) Damages to accommodations or rental vehicles; or
- (d) Sickness, accident, disability, or death occurring during limited duration travel.

Travel insurance does not include major medical plans, which provide comprehensive medical protection for travelers with trips lasting six months or longer, including those working overseas as an expatriate or military personnel being deployed.

~~((18))~~ (19) "Travel insurance producer" means a licensed limited lines producer of travel insurance.

~~((19))~~ (20) "Travel retailer" means a business entity that offers and disseminates travel insurance on behalf of and under the direction and supervision of a licensed travel insurance producer.

~~((20))~~ (21) "Written" or "in writing" means any retrievable method of recording an agreement or document, and, unless otherwise specified, includes paper and electronic formats.

[Statutory Authority: RCW 48.02.060 and 48.120.050. WSR 13-14-099 (Matter No. R 2013-07), § 284-17-001, filed 7/2/13, effective 8/2/13. Statutory Authority: RCW 48.17.005. WSR 13-06-023 (Matter No. R 2012-26), § 284-17-001, filed 2/27/13, effective 7/1/13. Statutory Authority: RCW 48.02.060 and 48.17.005. WSR 12-22-020 (Matter No. R 2012-23), § 284-17-001, filed 10/29/12, effective 11/29/12. Statutory Authority: RCW 48.02.060 (3)(a) and 48.17.005. WSR 11-19-040 (Matter No. R 2011-12), § 284-17-001, filed 9/13/11, effective 10/14/11. Statutory Authority: RCW 48.15.015 and 48.17.005. WSR 11-04-067 (Matter No. R 2010-07), § 284-17-001, filed 1/28/11, effective 2/28/11. Statutory Authority: RCW 48.02.060, 48.17.005. WSR 09-02-073 (Matter No. R 2008-06), § 284-17-001, filed 1/6/09, effective 7/1/09.]

AMENDATORY SECTION (Amending WSR 09-02-073, filed 1/6/09, effective 7/1/09)

WAC 284-17-175 Education referrals. No person may accept any rebate, refund, fee, commission, or discount in connection with referrals of students to ~~((an insurance education prelicense or))~~ a continuing insurance education provider without making a full disclosure to each student so referred.

[Statutory Authority: RCW 48.02.060, 48.17.005. WSR 09-02-073 (Matter No. R 2008-06), § 284-17-175, filed 1/6/09, effective 7/1/09. Statutory Authority: RCW 48.02.060 and 48.17.070. WSR 89-01-055 (Order R 88-14), § 284-17-175, filed 12/16/88.]

AMENDATORY SECTION (Amending WSR 17-01-142, filed 12/20/16, effective 1/20/17)

WAC 284-17-551 (~~((Prelicensing insurance education))~~) Candidate information bulletin. The ~~((prelicensing insurance education curriculum is))~~ exam content outlines are described in the candidate information bulletin. The candidate information bulletin is incorporated by reference and its entire contents will be enforced by the commissioner. A copy of the current candidate information bulletin is available through the commissioner's website at www.insurance.wa.gov.

~~((1) Information in the current version of the candidate information bulletin must be provided to each license candidate at the time of enrollment.~~

~~((2) If changes are implemented in the prescribed prelicensing education curriculum, the prelicensing insurance education provider must submit a revised course outline at least fifteen calendar days before the implementation date.))~~

[Statutory Authority: RCW 48.02.060 and 48.17.005. WSR 17-01-142 (Matter No. R 2016-25), § 284-17-551, filed 12/20/16, effective 1/20/17; WSR 09-02-073 (Matter No. R 2008-06), § 284-17-551, filed 1/6/09, effective 7/1/09. Statutory Authority: RCW 48.02.060 and 48.17.150. WSR 91-12-033 (Order R 91-3), § 284-17-551, filed 6/3/91, effective 7/4/91. Statutory Authority: RCW 48.02.060 and 48.17.070. WSR 89-01-055 (Order R 88-14), § 284-17-551, filed 12/16/88.]

NEW SECTION

The following section of the Washington Administrative Code is decodified and recodified as follows:

Old WAC Number	New WAC Number
284-17-551	284-17-126

REPEALER

The following sections of the Washington Administrative Code are repealed:

WAC 284-17-505	Definitions.
WAC 284-17-510	Prelicensing insurance education requirement.
WAC 284-17-515	Waiver of the prelicensing insurance education requirement—Equivalent education.
WAC 284-17-516	Home self-study—Candidate, course materials and approved providers.
WAC 284-17-517	Home self-study—Materials, course standards.
WAC 284-17-520	Certificates of completion required for admittance to licensing exam—Passing score report must be provided to the commissioner.
WAC 284-17-530	Requirements applicable to all prelicensing insurance education providers.
WAC 284-17-535	Program director's qualifications and responsibilities.
WAC 284-17-537	Prelicensing insurance education instructor qualifications and responsibilities.
WAC 284-17-539	Certificates of completion of a prelicensing insurance education course.

- WAC 284-17-540 Requirements applicable to independent prelicensing insurance education providers.
- WAC 284-17-545 Requirements applicable to insurer-based prelicensing education providers.
- WAC 284-17-547 Renewal—Prelicensing insurance education provider.
- WAC 284-17-550 Prelicensing insurance education course standards.
- WAC 284-17-560 Providers denied approval.
- WAC 284-17-565 Suspension or revocation of approved prelicensing insurance education providers.
- WAC 284-17-572 Fee.
- WAC 284-17-574 Prelicensing insurance education provider numbers.
- WAC 284-17-576 Actions by a prelicensing insurance education provider that may result in a fine.
- WAC 284-17-578 Reinstatement of approval of a prelicensing insurance education provider.
- WAC 284-17-580 Grounds for revocation or suspension of approval of a prelicensing insurance education course.