



# PROPOSED RULE MAKING

## CR-102 (June 2004)

(Implements RCW 34.05.320)

Do NOT use for expedited rule making

Agency: Office of Insurance Commissioner

Preproposal Statement of Inquiry was filed as WSR 09-16-130 ; or  
 Expedited Rule Making--Proposed notice was filed as WSR \_\_\_\_\_; or  
 Proposal is exempt under RCW 34.05.310(4).

Original Notice  
 Supplemental Notice to WSR \_\_\_\_\_  
 Continuance of WSR \_\_\_\_\_

Title of rule and other identifying information: (Describe Subject) Reinsurance-Intermediary Broker and Manager Licensing and Reporting

Insurance Commissioner Matter No. R 2009-11

**Hearing location(s):**  
 Insurance Commissioner's Office  
 TR 120  
 5000 Capitol Blvd.  
 Tumwater, WA 98504-0255

Date: November 10, 2009 Time: 10:00 AM

**Submit written comments to:**

Name: Jim Tompkins  
 Address: PO Box 40258  
 Olympia, WA 98504-0258  
 e-mail [Jimt@oic.wa.gov](mailto:Jimt@oic.wa.gov)  
 fax (360)586-3109 by (date) November 9, 2009

**Assistance for persons with disabilities:**

Contact : Lorie Villaflores by November 9, 2009  
 TTY (360) 586-0241 or (360) 725-7087

**Date of intended adoption:** November 18, 2009  
 (Note: This is **NOT** the **effective** date)

**Purpose of the proposal and its anticipated effects, including any changes in existing rules:** Licensed reinsurance intermediary brokers and managers do not always promptly inform the Commissioner of changes in the information that was contained in their original application for licensing and are unclear on what changes must be reported. Under this rule making, the Commissioner will consider options that will provide clarity as to the information that must be submitted and when it must be submitted. Additionally the original rule used the session law citations and the proposed rule will amend these citations to the current RCW citations.

**Reasons supporting proposal:** Will consider options that will provide clarity as to when licensed reinsurance intermediaries must report changes to the information that is contained in their original application for licensing and when the information must be submitted.

**Statutory authority for adoption:** RCW 48.02.060 and RCW 48.94.055

**Statute being implemented:** RCW 48.94.010

**Is rule necessary because of a:**

Federal Law?  Yes  No  
 Federal Court Decision?  Yes  No  
 State Court Decision?  Yes  No  
 If yes, CITATION:

**CODE REVISER USE ONLY**

OFFICE OF THE CODE REVISER  
 STATE OF WASHINGTON  
 FILED

DATE: **October 05, 2009**  
 TIME: **8:35 AM**

**WSR 09-20-067**

**DATE**

October 5, 2009

**NAME** (type or print)

Mike Kreidler

**SIGNATURE**

**TITLE**

Insurance Commissioner

**Agency comments or recommendations, if any, as to statutory language, implementation, enforcement, and fiscal matters:** None

**Name of proponent:** (person or organization) Mike Kreidler, Insurance Commissioner

- Private
- Public
- Governmental

**Name of agency personnel responsible for:**

Name	Office Location	Phone
Drafting..... Jim Tompkins	PO Box 40258, Olympia, WA 98504-0258	(360) 725-7036
Implementation..... Jim Odiorne	PO Box 40259, Olympia, WA 98504-0259	(360) 725-7214
Enforcement..... Jim Odiorne	PO Box 40259, Olympia, WA 98504-0259	(360) 725-7214

**Has a small business economic impact statement been prepared under chapter 19.85 RCW?**

Yes. Attach copy of small business economic impact statement.

A copy of the statement may be obtained by contacting:

Name:

Address:

phone ( ) \_\_\_\_\_

fax ( ) \_\_\_\_\_

e-mail \_\_\_\_\_

No. Explain why no statement was prepared.

The only substantive rules change proposed is the requirement to notify the commissioner within 15 business days of material changes in the application information, disciplinary action taken by another governmental jurisdiction and conviction of certain felonies. It seems clear that this would not impose more than a minor cost on any business. Therefore, no SBEIS is required.

**Is a cost-benefit analysis required under RCW 34.05.328?**

Yes A preliminary cost-benefit analysis may be obtained by contacting:

Name: Jim Tompkins

Address: PO Box 40258

Olympia, WA 98504-0258

phone (360) 725-7036

fax (360) 586-3109

e-mail [jimt@oic.wa.gov](mailto:jimt@oic.wa.gov)

No: Please explain:

AMENDATORY SECTION (Amending Order R 93-15, filed 9/1/93, effective 10/2/93)

**WAC 284-13-700 Definitions.** (1) Terms used in this regulation (WAC 284-13-700 through ~~((284-13-740))~~ 284-13-760) that are defined in the Reinsurance Intermediary Act ~~((~~+~~)chapter ((48.--))~~ 48.94 RCW ~~((, sections 22 through 33, chapter 462, Laws of 1993))~~ ("the act") have the meaning stated there.

(2) Whether a person is an "employee" of the reinsurer for purposes of ~~((section 23 (7) (a), chapter 462, Laws of 1993,))~~ RCW 48.94.005 (7) (a) depends on the facts and is not controlled by a mere ~~((labelling))~~ labeling of the person as an employee in an agreement.

(3) A reinsurer is "licensed in this state" for purposes of ~~((section 23 (8), chapter 462, Laws of 1993,))~~ RCW 48.94.005 (8) when it holds a certificate of authority to transact the relevant line of insurance.

NEW SECTION

**WAC 284-13-715 Changes to information contained in an application for license.** A licensed reinsurance intermediary must notify the commissioner within fifteen business days after occurrence of material changes to the information that was included in the application. For example this includes, but is not limited to, a change to:

- (1) The reinsurance intermediary's legal name;
- (2) The reinsurance intermediary's formation documents if it is a business entity;
- (3) The reinsurance intermediary's registered address;
- (4) Individuals authorized to act under the license; and
- (5) The reinsurance intermediary's designation to receive service of process.

AMENDATORY SECTION (Amending Order R 93-15, filed 9/1/93, effective 10/2/93)

**WAC 284-13-720 Financial statement of reinsurance intermediary-manager.** A reinsurer shall obtain from each

reinsurance intermediary-manager, and a reinsurance intermediary-manager shall give to the reinsurer, annual statements of financial condition prepared by an independent certified public accountant. The form of the statements shall be such that the statements clearly show the results of operations, and the assets, liabilities, and equity of the reinsurance intermediary-manager. Nothing in the act or this regulation (WAC 284-13-700 through ~~((284-13-740))~~ 284-13-760) prevents a reinsurer from requiring additional information, more detail, or a specified format so long as that specified format at least meets the requirements of this section.

AMENDATORY SECTION (Amending Order R 93-15, filed 9/1/93, effective 10/2/93)

**WAC 284-13-730 Submission and approval of contracts between reinsurers and reinsurance intermediary--Managers.** Contracts filed for approval under (~~(section 28, chapter 462, Laws of 1993,)~~) RCW 48.94.030 must include the provisions required by that section. If those provisions are not in the order given in that section, or if any other provisions precede or separate any of those required provisions, then the submitted contract shall be accompanied by a statement showing where in the contract each required provision is.

AMENDATORY SECTION (Amending Order R 93-15, filed 9/1/93, effective 10/2/93)

**WAC 284-13-740 Reporting of claims.** The reporting threshold under (~~(section 28 (9)(b)(v), chapter 462, Laws of 1993,)~~) RCW 48.94.030 (9)(b)(v) is the lesser of fifty thousand dollars or an amount set by the reinsurer.

NEW SECTION

**WAC 284-13-750 Reporting of discipline in another jurisdiction.** A reinsurance intermediary, or a pending applicant, must notify the commissioner within fifteen business days of a disciplinary action taken against it by another governmental jurisdiction.

NEW SECTION

**WAC 284-13-760 Reporting of a felony conviction.** A person holding a reinsurance intermediary license, or a pending applicant, convicted of any felony involving dishonesty or a breach of trust, or convicted of an offense under the Violent Crime Control and Law Enforcement Act of 1994 (108 Stat. 2115; 18 U.S.C. Sec. 1033) must notify the commissioner of the conviction within fifteen business days after the conviction.