



RULE-MAKING ORDER

CR-103P (May 2009)
(Implements RCW 34.05.360)

Agency: Office of the Insurance Commissioner

Permanent Rule Only

Effective date of rule:

Permanent Rules

31 days after filing.

Other (specify) _____ (If less than 31 days after filing, a specific finding under RCW 34.05.380(3) is required and should be stated below)

Any other findings required by other provisions of law as precondition to adoption or effectiveness of rule?

Yes **No** **If Yes, explain:**

Purpose: In August 2014 the Commissioner adopted rules providing guidance to insurance producers as to what may or may not constitute sharing of commissions with non-licensed persons. During the 2015 legislative session, legislation (ESSB 5743) was enacted that amended some of the statutes regarding what constitutes rebates and inducements, which impacts the rules adopted by the Commissioner in 2014. Therefore, these rules amend the 2014 rules (by repeal and adoption of new sections) to conform to the legislation.

Insurance Commissioner Matter No. R 2015-07

Citation of existing rules affected by this order:

Repealed: WAC 284-17-800, WAC 284-17-820, and WAC 284-17-830.

Amended:

Suspended:

Statutory authority for adoption: RCW 48.02.060 and RCW 48.17.005.

Other authority: RCW 48.17.490.

PERMANENT RULE (Including Expedited Rule Making)

Adopted under notice filed as WSR **15-21-049** on October 16, 2015.

Describe any changes other than editing from proposed to adopted version: None

If a preliminary cost-benefit analysis was prepared under RCW 34.05.328, a final cost-benefit analysis is available by contacting:

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Date adopted: December 6, 2015

CODE REVISER USE ONLY

NAME (TYPE OR PRINT)

Mike Kreidler

OFFICE OF THE CODE REVISER
STATE OF WASHINGTON

FILED

SIGNATURE

DATE: December 07, 2015

TIME: 2:56 PM

WSR 16-01-024

TITLE

Insurance Commissioner

(COMPLETE REVERSE SIDE)

**Note: If any category is left blank, it will be calculated as zero.
No descriptive text.**

**Count by whole WAC sections only, from the WAC number through the history note.
A section may be counted in more than one category.**

The number of sections adopted in order to comply with:

Federal statute:	New	_____	Amended	_____	Repealed	_____
Federal rules or standards:	New	_____	Amended	_____	Repealed	_____
Recently enacted state statutes:	New	<u>3</u>	Amended	_____	Repealed	<u>3</u>

The number of sections adopted at the request of a nongovernmental entity:

New	_____	Amended	_____	Repealed	_____
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The number of sections adopted in the agency's own initiative:

New	<u>3</u>	Amended	_____	Repealed	<u>3</u>
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The number of sections adopted in order to clarify, streamline, or reform agency procedures:

New	_____	Amended	_____	Repealed	_____
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The number of sections adopted using:

Negotiated rule making:	New	_____	Amended	_____	Repealed	_____
Pilot rule making:	New	_____	Amended	_____	Repealed	_____
Other alternative rule making:	New	<u>3</u>	Amended	_____	Repealed	<u>3</u>

NEW SECTION

WAC 284-17-805 Charitable contributions. (1) An insurance producer may pay or assign all or a portion of a commission, fee, or other consideration received in connection with the sale, solicitation, or negotiation of insurance to a bona fide charitable or nonprofit organization as defined in chapter 48.30 RCW if all of the following conditions are met:

(a) The insured or prospective insured has no influence over which bona fide charitable or nonprofit organization receives the payment or assignment;

(b) The payment or assignment is not made in the insured's or prospective insured's name;

(c) The insured or prospective insured is not entitled to a tax benefit for the payment or assignment; and

(d) The insured or prospective insured does not select or influence the selection of the person or persons who benefit from the bona fide charitable or nonprofit organization.

(2) An insurance producer may sponsor events for, or make contributions to a bona fide charitable or nonprofit organization if the sponsorship or contribution is not conditioned upon any person affiliated with or interested in the bona fide charitable or nonprofit organization applying for or obtaining insurance through the insurance producer.

(3) An insurance producer may not sponsor events for or make contributions to a bona fide charitable or nonprofit organization if the sponsorship or contribution is conditioned upon the referral of insurance business to the insurance producer or endorsement of the insurance producer or insurance product by the bona fide charitable or nonprofit organization.

NEW SECTION

WAC 284-17-825 Referrals. (1) An unlicensed individual who receives referral compensation under RCW 48.30.133(1) or a referral fee under RCW 48.30.133(4) is not selling, soliciting, or negotiating insurance if all of the following conditions are met:

(a) The referral compensation or fee does not depend upon whether the referral results in a purchase or sale;

(b) If insurance is purchased, the purchase is not a factor in determining the value of the referral compensation or the amount of the referral fee; and

(c) The recipient of the referral compensation or fee does not make representations to the prospective insured about the terms of or specific need for a policy.

(2) Referral compensation given to an individual under RCW 48.30.133(1) is limited to no more than one hundred dollars in value per referring individual in any consecutive twelve-month period.

NEW SECTION

WAC 284-17-835 Promotional games of chance. An insurance producer may conduct a promotional game of chance provided that:

(1) The promotional game of chance is undertaken solely for the purpose of advertising and promoting the insurance producer;

(2) No person eligible to receive the prize is required to apply for insurance, purchase insurance, refer a person to the insurance producer, or pay any other consideration to enter the promotional game of chance;

(3) The promotional game of chance is open to the general public;

(4) The value of the prize is limited to one hundred dollars in value;

(5) No person receives a total of prizes exceeding one hundred dollars in value in the aggregate in any consecutive twelve-month period from the insurance producer; and

(6) The promotional game of chance complies with chapter 9.46 RCW and any and all other applicable Washington state statutes and rules.

REPEALER

The following sections of the Washington Administrative Code are repealed:

WAC 284-17-800	Charitable contributions.
WAC 284-17-820	Referrals.
WAC 284-17-830	Promotional games of chance.