

R 2021-09 Administrative Hearings – Optimizing Discovery and Authorizing Electronic Service

Stakeholder Draft | July 20th, 2021

Comments due to OIC at rulescoordinator@oic.wa.gov by August 10th, 2021

WAC 284-02-070(2) Procedural and substantive requirements for adjudicative proceedings including contested cases.

- (a) Provisions applicable to adjudicative proceedings are contained in chapter 48.04 RCW and chapter 34.05 RCW, the Administrative Procedure Act, and chapter 10.08 WAC.
- (b) Substantive provisions specifically relating to action taken against persons or entities authorized by the OIC to transact the business of insurance are contained in RCW 48.17.530, 48.17.540, 48.17.550, 48.17.560, chapter 48.102 RCW, and other chapters related to specific licenses. The grounds for disciplinary action against insurance producers, title insurance agents and adjusters are contained in RCW 48.17.530 and 48.17.540(1); grounds for disciplinary action against surplus line brokers are contained in RCW 48.15.140; grounds for similar action against insurance companies are contained in RCW 48.05.130 and 48.05.140; grounds for actions against fraternal benefit societies are found in RCW 48.36A.310; grounds for actions against life settlement providers are found in chapter 48.102 RCW; grounds for actions against health care service contractors are contained in RCW 48.44.160; grounds for action against health maintenance organizations are contained in RCW 48.46.130; grounds for actions against other persons or entities authorized by the OIC under Title 48 RCW are found in the chapters of Title 48 RCW applicable to those licenses; grounds for action against unauthorized individuals or entities are found generally throughout Title 48 RCW.
- (c) The commissioner may suspend or revoke any license, certificate of authority, or registration issued by the OIC. In addition, the commissioner may generally levy fines against any persons or organizations having been authorized by the OIC.
- (d) Adjudicative proceedings or contested case hearings of the insurance commissioner are informal in nature, and compliance with the formal rules of pleading and evidence is not required.

(i) The insurance commissioner may delegate the authority to hear and determine the matter and enter the final order under RCW 48.02.100 and 34.05.461 to a chief presiding officer. The commissioner may appoint a chief presiding officer who will have primary responsibility for the conduct of hearings, the procedural matters preliminary thereto, and the preservation of hearing records. The position of chief presiding officer does not report to any of the major divisions of the OIC. The commissioner may also use the services of an administrative law judge in accordance with chapter 34.12 RCW and chapter 34.05 RCW, the Administrative Procedure Act. The initial order of an administrative law judge will not become a final order without the commissioner's review (RCW 34.05.464) and entry of a final order.

(ii) The hearing will be recorded by any method chosen by the chief presiding officer. Except as required by law, the OIC is not required, at its expense, to prepare a transcript. Any party, at the party's expense, may cause a reporter approved by the chief presiding officer to prepare a transcript from the agency's record, or cause additional recordings to be made during the hearing if, in the opinion of the presiding officer, the making of the additional recording does not cause distraction or disruption. If appeal from the insurance commissioner's order is made to the superior court, the recording of the hearing will be transcribed and certified to the court after confirmation of payment of all costs for the transcription by the appellant.

(iii) The commissioner or the chief presiding officer may allow any person affected by the hearing to be present during the giving of all testimony and will allow the aggrieved person a reasonable opportunity to inspect all documentary evidence, to examine witnesses, and to present evidence. Any person heard must make full disclosure of the facts pertinent to the inquiry under oath.

(iv) Prehearing or other conferences for settlement or simplification of issues may be held at the discretion and direction of the chief presiding officer.

(e) Discovery is only available in adjudicative proceedings pursuant to ~~Civil Rules 26 through 37 as now or hereafter amended without first obtaining the permission of the presiding officer or the administrative law judge in accordance with RCW 34.05.446(2)~~ as herein set forth:

~~(i) Civil Rules 26 through 37 are adopted and incorporated by reference in this section, with the exception of CR 26 (j) and (3), and CR 35, which are not adopted for purposes of this section. Available methods of discovery include: interrogatories pursuant to Civil Rule 33, requests for production pursuant to Civil Rule 34, and requests for admission pursuant to Civil Rule 36. Depositions are excluded as an acceptable method of discovery, except as provided in WAC 284-02-070(2)(e)(iv).~~

(ii) The chief presiding officer or administrative law judge is authorized to make any order that a court could make under CR 37 (a) through (e), including an order awarding expenses of the motion to compel discovery or dismissal of the action.

(iii) This rule does not limit the chief presiding officer's or administrative law judge's discretion and authority to condition or limit discovery as set forth in RCW 34.05.446(3).

(iv) Discovery is limited in frequency to ten requests per discovery form, unless further discovery is permitted by the presiding officer or the administrative law judge in accordance with RCW 34.05.446(3). Discovery, in addition to that specifically authorized in these rules, should not be granted unless necessary to the resolution of the case and not available by the means specified in this rule. The burden for establishing such necessity and unavailability is on the party requesting additional discovery.

(f) **Limitations on discovery.** In addition to limitations on discovery set forth in any other applicable law, regulation, or rule, discovery does not include:

(i) Information or documents from the personnel file of any commissioner employee;

(ii) Information or documents relating to any investigation conducted by the commissioner against unrelated parties;

(iii) Information or documents relating to any action brought by the commissioner against unrelated parties;

(iv) Information or documents relating to any examination conducted by the commissioner of unrelated parties;

(v) Information or documents relating to any license applications or determinations made by the commissioner of unrelated parties; or

(vi) Depositions of the insurance commissioner or deputy insurance commissioner.

(g) Adjudicative proceedings are determined on the merits of the individual case and are not binding precedence for unrelated cases.

(h) Service by electronic transmission is authorized for all OIC hearings in accordance with RCW 34.05.010(19). All parties to a proceeding must provide a valid email address in that party's demand for a hearing, and if not filing a demand for hearing, by the time of the prehearing conference. The party must monitor this email address throughout the hearing process for the purposes of accepting and providing service of process. Service of pleadings and other documents is deemed complete upon transmission to the email address provided by a party under this section.

(i) The burden of proof in OIC administrative hearings is by a preponderance of the evidence.