

Recordkeeping reference card

Licensees must maintain all funds that make up premium and return premium in a separate premium bank account until they pay the party entitled to the funds. Licensees must also maintain records demonstrating this. [Premium includes surplus line premium taxes.]

Refer to laws: RCW 48.17.480, RCW 48.17.470, RCW 48.17.600, RCW 48.15.180, and RCW 48.15.100.

Washington Administrative Code (WAC) 284-12-080(8) and WAC 284-12-080(9) require producers to establish and maintain accounting records for all premium transactions.

The accounting records should provide an audit trail, reflecting funds received (premium or return premium), deposit of funds to the separate premium account, and the eventual payment of premium to entitled parties (insurer, broker, premium finance company or insured). You should be able to:

Trace the receipt of all funds through the financial records from point of receipt



To depositing funds into the separate premium bank account(s)



To paying the insurer, broker, premium finance company, or insured client (as applicable)

Accounting transaction records should be complete and include at least the following information:

- Name of insured
- Premium amount
- Policy numbers
- Name of the insurer or broker who received payment

You should properly calculate and document fee income and Agency bill commission income transfers from the separate premium account(s) to the general operating account(s). (This helps you track the funds you are entitled to take as income.)

Five-year document retention

You must maintain a record of all completed transactions for five years, including:

- Procured insurance contracts,
- Amount of premium paid or to be paid,
- Name of insurer/broker and insured, and
- Subject of the insurance.

Customer Receipts

An insurance producer who receives a premium payment shall provide a signed receipt to the insured for all personal line policies. The receipt can be incorporated in an application or binder and shall contain the following:

- the date and amount received,
- by or for whom the payment is made,
- the producers name and address,
- the full legal name of the insurer or premium finance company, and
- the policy or contract number.

Reference law and rule: RCW 48.18.220; WAC 284-30-550