

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 a formal accounting system with an audit trail and "...the means to trace any transaction back to its original source or forward to final entry.... A balance forward system (as in an ordinary checking account) is not acceptable."

The accounting system should be comprehensive with a full audit trail that provides a step-by-step history of a transaction for premiums, return premiums, and premium finance activities. 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.)

All transaction activity should be correct and in order. This includes ensuring return premiums are properly refunded (including the unearned commission), and premium finance funding and payment transmission are recorded and properly supported. (Return premiums and premium finance activity can be very difficult to manage without a good record-keeping system.)

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
- Subject of the insurance

The records you keep must be organized.

Receipts consumers receive

Licensees receiving premium payments on personal lines policies must provide the consumer a signed receipt. You should provide the receipt at the time you receive the funds for in-person payments or within one business day for payments received by mail. When you receive payments through the mail, it's acceptable to scan and email a copy of the receipt to the insured client, rather than mailing it.

You must include the following information on all consumer receipts:

- The date
- Producer's name and address
- Insured client's name
- Dollar amount you received
- Full legal name of the insurance company or premium finance company entitled to the payment
- Contract or policy number

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