



PROPOSED RULE MAKING

CR-102 (July 2022) (Implements RCW 34.05.320) Do NOT use for expedited rule making

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STATE OF WASHINGTON
FILED

DATE: September 06, 2023
TIME: 9:00 AM

WSR 23-18-089

Agency: Office of the Insurance Commissioner

- Original Notice**
- Supplemental Notice to WSR** _____
- Continuance of WSR** _____

- Preproposal Statement of Inquiry was filed as WSR 23-15-112 ; or**
- Expedited Rule Making--Proposed notice was filed as WSR _____; or**
- Proposal is exempt under RCW 34.05.310(4) or 34.05.330(1); or**
- Proposal is exempt under RCW _____.**

Title of rule and other identifying information: (describe subject) Implementation of HB 1061 (Chapter 21, Laws of 2023) Insurance Producers Pre-licensing Education

Insurance Commissioner Matter R 2023-04

Hearing location(s):

Date:	Time:	Location: (be specific)	Comment:
Tuesday, October 10, 2023	10:00 am	Zoom meeting posted on the OIC website here: https://www.insurance.wa.gov/eliminating-prelicensing-education-requirements-insurance-producers-r-2023-04:	Written comments are due to the OIC by close of business (5 PM; PST) on October 11, 2023. Written comments can be emailed to (RulesCoordinator@oic.wa.gov)

Date of intended adoption: October 12, 2023 (Note: This is **NOT** the effective date)

Submit written comments to:

Name: Andrew Davis
 Address: P.O. Box 40260, Olympia, WA 98504-0260
 Email: rulescoordinator@oic.wa.gov
 Fax: 360-586-3109
 Other:
 By (date) October 11, 2023

Assistance for persons with disabilities:

Contact Katie Bennett
 Phone: (360) 725-7013
 Fax: (360) 586-2023
 TTY: 360) 586-0241
 Email: katie.bennett@oic.wa.gov
 Other:
 By (date) _____

Purpose of the proposal and its anticipated effects, including any changes in existing rules: The Commissioner will consider adopting rules to amend sections of Chapter 284-17 WAC following passage of HB 1061, which eliminated the requirement that an applicant for a resident insurance producer license complete a pre-licensure course of study for the lines of authority for which the person applied. This rulemaking will remove language referencing pre-licensing education from existing rules to align with the newly amended statute. For purposes of clarification, a definition from repealed WAC 284-17-505 was preserved and listed under WAC 284-17-001.

Reasons supporting proposal: Eliminating the pre-licensing education requirement for producers provides applicants the flexibility to study in the way that works best for them to pass the exam. This proposal removes a barrier to let more people enter the insurance profession. It also increases the number of producers selling insurance products and brings them to communities across the state at a time when the industry is not producing enough insurance producers.

Statutory authority for adoption: RCW 48.02.060 and 48.17.005

Statute being implemented: RCW 48.17.090

Is rule necessary because of a:

Federal Law?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Federal Court Decision?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
State Court Decision?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

If yes, CITATION:

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

Type of proponent: Private Public Governmental
Name of proponent: (person or organization) Washington State Office of the Insurance Commissioner

Name of agency personnel responsible for:

	Name	Office Location	Phone
Drafting:	Andrew Davis	P.O. Box 40260, Olympia, WA 98504-0260	(360) 586-3109
Implementation:	Jeff Baughman	P.O. Box 40260, Olympia, WA 98504-0260	(360) 725-7156
Enforcement:	Charles Malone	P.O. Box 40260, Olympia, WA 98504-0260	(360) 725-7050

Is a school district fiscal impact statement required under [RCW 28A.305.135](#)? Yes No

If yes, insert statement here:

The public may obtain a copy of the school district fiscal impact statement by contacting:

Name:
Address:
Phone:
Fax:
TTY:
Email:
Other:

Is a cost-benefit analysis required under [RCW 34.05.328](#)?

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

Name:
Address:
Phone:
Fax:
TTY:
Email:
Other:

No: Please explain: This rulemaking is exempt from the cost-benefit analysis under RCW 34.05.328(5)(b)(iii) and RCW 34.05.328(5)(b)(v). Under RCW 34.05.328(5)(b)(iii), rulemaking is exempt from a cost-benefit analysis if the proposed rules are adopting or incorporating by reference without material change Washington state statutes, if the material adopted or incorporated regulates the same subject matter and conduct as the adopting or incorporating rules. Here, the Washington State Office of the Insurance Commissioner is adopting statutory requirements for insurance producer licensing under RCW 48.17.090 into the Washington Administrative Code as rules that regulate the same subject matter without material change.

Additionally, under RCW 34.05.328(5)(b)(v) rulemaking is exempt from a cost-benefit analysis if the content of the rules is explicitly and specially dictated by statute. Here, the proposed producer licensure rules under Chapter 284-17 WAC are drafted to align with RCW 48.17.090, and these rules are explicitly and specifically dictated by statute.

Regulatory Fairness Act and Small Business Economic Impact Statement
Note: The [Governor's Office for Regulatory Innovation and Assistance \(ORIA\)](#) provides support in completing this part.

(1) Identification of exemptions:
This rule proposal, or portions of the proposal, **may be exempt** from requirements of the Regulatory Fairness Act (see [chapter 19.85 RCW](#)). For additional information on exemptions, consult the [exemption guide published by ORIA](#). Please check the box for any applicable exemption(s):

This rule proposal, or portions of the proposal, is exempt under [RCW 19.85.061](#) because this rule making is being adopted solely to conform and/or comply with federal statute or regulations. Please cite the specific federal statute or regulation this rule is being adopted to conform or comply with, and describe the consequences to the state if the rule is not adopted.

Citation and description:

This rule proposal, or portions of the proposal, is exempt because the agency has completed the pilot rule process defined by [RCW 34.05.313](#) before filing the notice of this proposed rule.

This rule proposal, or portions of the proposal, is exempt under the provisions of [RCW 15.65.570\(2\)](#) because it was adopted by a referendum.

This rule proposal, or portions of the proposal, is exempt under [RCW 19.85.025\(3\)](#). Check all that apply:

- | | |
|---|--|
| <input type="checkbox"/> RCW 34.05.310 (4)(b)
(Internal government operations) | <input checked="" type="checkbox"/> RCW 34.05.310 (4)(e)
(Dictated by statute) |
| <input type="checkbox"/> RCW 34.05.310 (4)(c)
(Incorporation by reference) | <input type="checkbox"/> RCW 34.05.310 (4)(f)
(Set or adjust fees) |
| <input type="checkbox"/> RCW 34.05.310 (4)(d)
(Correct or clarify language) | <input type="checkbox"/> RCW 34.05.310 (4)(g)
((i) Relating to agency hearings; or (ii) process requirements for applying to an agency for a license or permit) |

This rule proposal, or portions of the proposal, is exempt under [RCW 19.85.025\(4\)](#) (does not affect small businesses).

This rule proposal, or portions of the proposal, is exempt under RCW 34.05.310(4)(c) and 34.05.310(4)(e)..

Explanation of how the above exemption(s) applies to the proposed rule: Under RCW 34.05.310(4)(c), rulemaking is exempt if the proposed rules are adopting or incorporating by reference without material change Washington state statutes, if the material adopted or incorporated regulates the same subject matter and conduct as the adopting or incorporating rules. Here, the Washington State Office of the Insurance Commissioner is adopting statutory requirements for insurance producer licensing under RCW 48.17.090 into the Washington Administrative Code as rules that regulate the same subject matter without material change.

Additionally, under RCW 34.05.310(4)(e) rulemaking is exempt if the content of the rules is explicitly and specially dictated by statute. Here, the proposed producer licensure rules under Chapter 284-17 WAC are drafted to align with RCW 48.17.090, and these rules are explicitly and specifically dictated by statute.

(2) Scope of exemptions: *Check one.*

- The rule proposal is fully exempt (*skip section 3*). Exemptions identified above apply to all portions of the rule proposal.
- The rule proposal is partially exempt (*complete section 3*). The exemptions identified above apply to portions of the rule proposal, but less than the entire rule proposal. Provide details here (consider using [this template from ORIA](#)):
- The rule proposal is not exempt (*complete section 3*). No exemptions were identified above.

(3) Small business economic impact statement: *Complete this section if any portion is not exempt.*

If any portion of the proposed rule is **not exempt**, does it impose more-than-minor costs (as defined by RCW 19.85.020(2)) on businesses?

- No Briefly summarize the agency's minor cost analysis and how the agency determined the proposed rule did not impose more-than-minor costs. _____
- Yes Calculations show the rule proposal likely imposes more-than-minor cost to businesses and a small business economic impact statement is required. Insert the required small business economic impact statement here:

The public may obtain a copy of the small business economic impact statement or the detailed cost calculations by contacting:

- Name:
Address:
Phone:
Fax:
TTY:
Email:
Other:

Signature:

Date: September 6, 2023

Name: Mike Kreidler

Title: Insurance Commissioner

A handwritten signature in black ink that reads "Mike Kreidler". The signature is written in a cursive style with a large initial "M" and a long horizontal stroke at the end.

WAC 284-17-001 Definitions. For purposes of this chapter, unless the context requires otherwise:

(1) "Affiliation" is a type of appointment whereby a business entity authorizes an individual insurance producer or surplus line broker to represent it when conducting insurance business.

(2) "Business entity" has the meaning set forth in RCW 48.17.010(2) and includes a sole proprietorship having associated licensees authorized to act on its behalf in the business or trade name of the sole proprietorship.

(3) "Days" means calendar days including Saturday and Sunday and holidays, unless otherwise specified.

(4) "Electronic submission" or "submitted electronically" means submission of a licensing process by an applicant, licensee, insurer, or education provider by means of the commissioner's website or a third-party licensing provider or other state agency.

(5) "File" means a record in any retrievable format, and unless otherwise specified, includes paper and electronic formats.

(6) "Home state" has the meaning set forth in RCW 48.17.010(4).

(7) "Independent testing service" means the entity having a contract with the commissioner to develop, administer, and score insurance examinations.

(8) "Insurer" has the meaning set forth in RCW 48.17.010(7).

~~((8))~~ (9) "Licensee" means a person licensed by the commissioner under Title 48 RCW to sell, solicit or negotiate insurance and includes adjusters and surplus line brokers.

~~((9))~~ (10) "Line of authority" means a license issued in one or more lines of insurance listed in RCW 48.17.170.

~~((10))~~ (11) "NAIC" means the National Association of Insurance Commissioners.

~~((11))~~ (12) "Third-party licensing provider" is designated on the commissioner's website at: www.insurance.wa.gov.

~~((12))~~ (13) "Reinstatement" means the reissuance by the commissioner of a license that was not renewed more than ~~((sixty))~~ 60 days but fewer than ~~((twelve))~~ 12 months after its expiration date.

~~((13))~~ (14) "Resident" means a person who has elected to make Washington his or her home state, or, in the case of a business entity, has a place of business in this state.

~~((14))~~ (15) "Sending written notice" or "sending a copy of the written notice" means transmitting the required information in writing and, where required, on forms designated by the commissioner for that purpose, via first class mail, commercial parcel delivery company, telefacsimile, or electronic transmission, unless a specific method of transmission is specified.

~~((15))~~ (16) "Specialty producer license—Portable electronics" means a license issued under RCW 48.120.010 that authorizes a vendor to offer or sell insurance as provided in RCW 48.120.015.

~~((16))~~ (17) "Surety" means that limited line of authority of insurance or bond that covers obligations to pay the debts of, or answer for the default of another, including faithlessness in a position of public or private trust.

~~((17))~~ (18) "Travel insurance" means insurance coverage for personal risks incident to planned travel including, but not limited to:

- (a) Interruption or cancellation of trip or event;
- (b) Loss of baggage or personal effects;
- (c) Damages to accommodations or rental vehicles; or
- (d) Sickness, accident, disability, or death occurring during limited duration travel.

Travel insurance does not include major medical plans, which provide comprehensive medical protection for travelers with trips lasting six months or longer, including those working overseas as an expatriate or military personnel being deployed.

~~((18))~~ (19) "Travel insurance producer" means a licensed limited lines producer of travel insurance.

~~((19))~~ (20) "Travel retailer" means a business entity that offers and disseminates travel insurance on behalf of and under the direction and supervision of a licensed travel insurance producer.

~~((20))~~ (21) "Written" or "in writing" means any retrievable method of recording an agreement or document, and, unless otherwise specified, includes paper and electronic formats.

AMENDATORY SECTION (Amending WSR 09-02-073, filed 1/6/09, effective 7/1/09)

WAC 284-17-175 Education referrals. No person may accept any rebate, refund, fee, commission, or discount in connection with referrals of students to ~~((an insurance education prelicense or))~~ a continuing insurance education provider without making a full disclosure to each student so referred.

AMENDATORY SECTION (Amending WSR 17-01-142, filed 12/20/16, effective 1/20/17)

WAC 284-17-551 (~~(Prelicensing insurance education)~~) Candidate information bulletin. The ~~((prelicensing insurance education curriculum is))~~ exam content outlines are described in the candidate information bulletin. The candidate information bulletin is incorporated by reference and its entire contents will be enforced by the commissioner. A copy of the current candidate information bulletin is available through the commissioner's website at www.insurance.wa.gov.

~~((1) Information in the current version of the candidate information bulletin must be provided to each license candidate at the time of enrollment.~~

~~((2) If changes are implemented in the prescribed prelicensing education curriculum, the prelicensing insurance education provider must submit a revised course outline at least fifteen calendar days before the implementation date.)~~

NEW SECTION

The following section of the Washington Administrative Code is decodified and recodified as follows:

Old WAC Number	New WAC Number
284-17-551	284-17-126

REPEALER

The following sections of the Washington Administrative Code are repealed:

WAC 284-17-505	Definitions.
WAC 284-17-510	Prelicensing insurance education requirement.
WAC 284-17-515	Waiver of the prelicensing insurance education requirement—Equivalent education.
WAC 284-17-516	Home self-study—Candidate, course materials and approved providers.
WAC 284-17-517	Home self-study—Materials, course standards.
WAC 284-17-520	Certificates of completion required for admittance to licensing exam—Passing score report must be provided to the commissioner.
WAC 284-17-530	Requirements applicable to all prelicensing insurance education providers.
WAC 284-17-535	Program director's qualifications and responsibilities.
WAC 284-17-537	Prelicensing insurance education instructor qualifications and responsibilities.
WAC 284-17-539	Certificates of completion of a prelicensing insurance education course.
WAC 284-17-540	Requirements applicable to independent prelicensing insurance education providers.
WAC 284-17-545	Requirements applicable to insurer-based prelicensing education providers.
WAC 284-17-547	Renewal—Prelicensing insurance education provider.
WAC 284-17-550	Prelicensing insurance education course standards.
WAC 284-17-560	Providers denied approval.

WAC 284-17-565 Suspension or revocation of approved prelicensing insurance education providers.

WAC 284-17-572 Fee.

WAC 284-17-574 Prelicensing insurance education provider numbers.

WAC 284-17-576 Actions by a prelicensing insurance education provider that may result in a fine.

WAC 284-17-578 Reinstatement of approval of a prelicensing insurance education provider.

WAC 284-17-580 Grounds for revocation or suspension of approval of a prelicensing insurance education course.