Chapter 284-15 WAC
SURPLUS LINE INSURANCE

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DISPOSITION OF SECTIONS FORMERLY CODIFIED IN THIS CHAPTER


284-15-100 Surplus lines limited broker. [Statutory Authority: RCW 48.02.060 and 48.92.140. WSR 93-19-008 (Order R 93-12), § 284-15-100, filed 9/1/93, effective 10/2/93.] Repealed by WSR 08-14-169 (Matter No. R 2008-04), filed 7/2/08, effective 8/2/08. Statutory Authority: RCW 48.02.060, 48.15.040(4), 48.15.073(2), and 48.15.160(2).

284-15-110 Surplus line insurance premium tax.

WAC 284-15-010 Brokers—Surplus line brokers—Qualifications and examination. (1) Each applicant for a resident surplus line broker's license must take and pass the required examination and pay the required fee prior to acting as a surplus line broker. The examination will test an applicant's qualifications and competence in all areas of surplus line insurance. Current information about testing procedures and examination dates is available on the commissioner's web site at: www.insurance.wa.gov.

(2) The commissioner deems that a nonresident person holding a surplus line broker's license, or the equivalent, in the applicant's home state is qualified, competent and trustworthy and, therefore, meets the minimum standards of this state for holding a surplus line broker's license. For that reason, the commissioner will waive the Washington surplus line broker's examination for a person who has and maintains a current resident surplus line broker's license, or the equivalent, in the applicant's home state.


WAC 284-15-015 Procurement of insurance from an unauthorized insurer by an unlicensed person prohibited.

(1) "Procured" as used in chapter 48.15 RCW and chapter 284-15 WAC means the act or acts necessary to obtain insurance coverage.

(2) A surplus line broker licensed under chapter 48.15 RCW must not assist a person in complying with the requirements of RCW 48.15.040 if the person:

(a) Is not licensed under chapter 48.15 RCW;

(b) Obtains insurance coverage from an unauthorized insurer; and

(c) Fails to procure the insurance coverage through a surplus line broker licensed under chapter 48.15 RCW.

This subsection applies without limitation to the services of a courtesy filer.

[Statutory Authority: RCW 48.02.060 and 48.15.015. WSR 13-17-049 (Matter No. R 2012-27), § 284-15-015, filed 8/14/13, effective 7/1/14.]

WAC 284-15-020 Surplus line broker—Solvent insurer required. (1) A surplus line broker must not knowingly place surplus line insurance with financially unsound insurers. Foreign insurers must meet or exceed the minimum financial and other conditions required by RCW 48.15.090.

(2) A surplus line broker must substantiate the financial condition of a foreign unauthorized insurer before placing insurance with the insurer. The broker must also maintain evidence of the financial condition of the insurer for at least five years.

(3) A surplus line broker may place insurance with an alien unauthorized insurer shown on the National Association of Insurance Commissioners (NAIC) Quarterly Listing of Alien Insurers. The financial condition of an insurer named on the listing is deemed to be adequately documented.


WAC 284-15-030 Surplus line brokers' form to be filed—Contract statement to be used. (1) For the purpose of complying with the requirements of RCW 48.15.043 and 48.15.040, the date insurance is procured is the date coverage is bound or the date coverage is effective, whichever is later. The certification required by RCW 48.15.040 must be in substantially the following form, and may include additional information to satisfy requirements of the Surplus Line Association of Washington:
WAC 284-15-035 Exempt commercial purchasers.

A surplus line broker who has procured insurance with an unauthorized insurer for an exempt commercial purchaser must file with the commissioner within sixty days of the procurement (binding or effective date, whichever is later) of the insurance a report of the insurance. The report must be in a format acceptable to the commissioner. The report must include the following information:

1. Policy or certificate number;
2. Premium, including any policy fee;
3. Name and license number of the filing surplus line broker;
4. Name and address of referring insurance producer (if any);
5. Name(s) of unauthorized insurer(s);
6. Name and address of insured;
7. Binding or effective date, whichever is later;
8. Brief statement of coverages (common trade terms may be used, e.g. "furrier's block");
9. Other information as required by the commissioner.

WAC 284-15-040 Form for surplus line insurer to designate person to receive legal process.

(1) RCW 48.15.150 permits service of legal process against an unauthorized insurer to be made upon the commissioner. The commissioner will mail the documents of process to the insurer at its principal place of business last known to the commissioner, or to a person designated by the insurer for that purpose in the most recent document filed with the commissioner on a form prescribed by the commissioner. If an unauthorized insurer elects to designate a person to receive legal process from the commissioner, the designation must be in writing and filed with the commissioner in substantially the form set forth on the commissioner's website: www.insurance.wa.gov.

(2) The person designated by the insurer to receive legal process may be an individual, firm or corporation.

(3) The process documents will be forwarded by the commissioner to the person designated in the most recent notice filed with the commissioner.

(4) As specified in RCW 48.15.150, each policy issued by an unauthorized insurer as a surplus line contract must designate the commissioner as the person upon whom service of process may be made.

[Statutory Authority: RCW 48.02.060, 48.15.040(4), 48.15.073(2), and 48.15.160(2). WSR 08-14-169 (Matter No. R 2008-04), § 284-15-040, filed 7/2/08, effective 8/2/08. Statutory Authority: RCW 48.02.060. WSR 06-12-077 (Matter No. R 2006-04), § 284-15-030, filed 6/6/06, effective 7/7/06; WSR 04-06-082 (Order R 81-1), § 284-15-030, filed 1/21/81.]
WAC 284-15-050 Surplus line—Waiver of financial requirements. (1) The commissioner may waive the financial requirements specified in RCW 48.15.090 in circumstances where insurance cannot be otherwise procured on risks located in this state. Except as set forth in (e) of this subsection, at least the following information must be submitted when a surplus line broker requests the commissioner to waive the financial requirements:

(a) A detailed letter explaining the need to waive the financial requirements;
(b) Documentation of the financial condition of the proposed insurer as reported in its annual statement as of the end of the preceding calendar year;
(c) Summary information showing the number of years the company has been writing the specific line of insurance;
(d) A written acknowledgment signed by the proposed insured confirming all of the following:
   (i) The insured has been informed that the coverage will be issued by an insurer (or insurers) that is not an authorized insurer in the state of Washington;
   (ii) The insured understands that financial requirements for surplus line insurers must be waived by all parties concerned to enable this coverage to be obtained; and
   (iii) The insured understands that there is no protection for the insured under the Washington Insurance Guaranty Association because the coverage will be issued by an unauthorized insurer;
(e) For accounts requiring a multiplicity of insurers, in lieu of the requirements in (b) and (c) of this subsection, the commissioner may accept certification from a surplus line broker that the broker has investigated the financial condition of the prospective insurers and is satisfied that they are capable of underwriting the specified risks. Records and documents supporting the broker’s certification must be maintained by the broker for the term of the policies and as long thereafter as a claim may be litigated, but in no case less than five years after completion of the transaction.
(2) In no event will the commissioner waive the financial requirements when the insurer’s capital and surplus is less than four million five hundred thousand dollars.

WAC 284-15-080 Relationship between surplus line broker and insurance producer not acting as the agent of the insured. When a surplus line broker accepts surplus line business from an insurance producer not acting as an agent of the insured, as permitted by RCW 48.15.080, acceptance of the business does not mean that the insurance producer has become the representative of the insured with respect to that business. In this circumstance:

(1) Return premiums or claim payments will not be deemed to have been paid to the insured or claimant until the payments are actually received by the insured or claimant.