

(a) The immunity from civil liability provided by this section shall be liberally construed to accomplish the purposes of this section and the persons entitled to immunity shall include:

- (i) An approved monitoring treatment program;
- (ii) The professional association operating the program;
- (iii) Members, employees, or agents of the program or association;
- (iv) Persons reporting a license holder as being impaired or providing information about the license holder's impairment; and
- (v) Professionals supervising or monitoring the course of the impaired license holder's treatment or rehabilitation.

(b) The immunity provided in this section is in addition to any other immunity provided by law.

(8) In addition to health care professionals governed by this chapter, this section also applies to pharmacists under chapter 18.64 RCW and pharmacy assistants under chapter 18.64A RCW. For that purpose, the board of pharmacy shall be deemed to be the disciplining authority and the substance abuse monitoring program shall be in lieu of disciplinary action under RCW 18.64.160 or 18.64A.050. The board of pharmacy shall adjust license fees to offset the costs of this program.

NEW SECTION. Sec. 3. There is appropriated from the general fund to the board of pharmacy for the biennium ending June 30, 1989, the sum of five thousand dollars, or so much thereof as may be necessary, to carry out the purposes of this act.

NEW SECTION. Sec. 4. There is appropriated from the health professions account to the department of licensing for the biennium ending June 30, 1989, the sum of thirty-nine thousand dollars, or so much thereof as may be necessary, to carry out the purposes of this act.

Passed the Senate March 7, 1988.

Passed the House March 5, 1988.

Approved by the Governor March 24, 1988.

Filed in Office of Secretary of State March 24, 1988.

CHAPTER 248

[Second Substitute House Bill No. 318]

INSURANCE—REVISIONS

AN ACT Relating to insurance; amending RCW 48.02.160, 48.04.010, 48.04.140, 48.07-.150, 48.05.390, 48.14.010, 48.14.040, 48.17.150, 48.17.230, 48.17.450, 48.17.480, 48.17.490, 48.17.540, 48.17.600, 48.22.060, 48.30.157, 48.30.260, and 48.44.160; adding a new section to chapter 48.07 RCW; creating a new section; and declaring an emergency.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. Section .02.16, chapter 79, Laws of 1947 and RCW 48.02.160 are each amended to read as follows:

The commissioner shall:

(1) Obtain and publish for the use of courts and appraisers throughout the state, tables showing the average expectancy of life and values of annuities and of life and term estates.

(2) Disseminate information concerning the insurance laws of this state.

(3) Provide assistance to members of the public in obtaining information about insurance products and in resolving complaints involving insurers and other licensees.

Sec. 2. Section .04.01, chapter 79, Laws of 1947 as last amended by section 16, chapter 237, Laws of 1967 and RCW 48.04.010 are each amended to read as follows:

(1) The commissioner may hold a hearing for any purpose within the scope of this code as he may deem necessary. He shall hold a hearing

(a) if required by any provision of this code, or

(b) upon written demand for a hearing made by any person aggrieved by any act, threatened act, or failure of the commissioner to act, if such failure is deemed an act under any provision of this code, or by any report, promulgation, or order of the commissioner other than an order on a hearing of which such person was given actual notice or at which such person appeared as a party, or order pursuant to the order on such hearing.

(2) Any such demand for a hearing shall specify in what respects such person is so aggrieved and the grounds to be relied upon as basis for the relief to be demanded at the hearing.

(3) Unless a person aggrieved by a written order of the commissioner demands a hearing thereon within ninety days after receiving notice of such order, or in the case of a licensee under Title 48 RCW within ninety days after the commissioner has mailed the order to the licensee at the most recent address shown in the commissioner's licensing records for the licensee, the right to such hearing shall conclusively be deemed to have been waived.

(4) The commissioner shall hold such hearing demanded within thirty days after his receipt of the demand, unless postponed by mutual consent.

Sec. 3. Section .04.14, chapter 79, Laws of 1947 and RCW 48.04.140 are each amended to read as follows:

(1) The taking of an appeal shall not stay any action taken or proposed to be taken by the commissioner under the order appealed from unless a stay is granted by the court at a hearing held as part of the proceedings on appeal.

(2) A stay shall not be granted by the court in any case where the granting of a stay would tend to injure the public interest. In granting a stay, the court may require of the person taking the appeal such security or other conditions as it deems proper.

~~((3) If the order appealed from is one suspending, revoking, or refusing to renew an agent's, broker's, solicitor's or adjuster's license, the appellant by filing a bond with the clerk of the court, subject to approval of the~~

~~court, in the sum of five hundred dollars, conditioned to pay all costs that may be awarded against him, may, if filed prior to the effective date of such order, supersede the order appealed from until the final determination of the appeal:))~~

Sec. 4. Section .07.15, chapter 79, Laws of 1947 and RCW 48.07.150 are each amended to read as follows:

(1) No domestic insurer shall knowingly solicit insurance business in any reciprocating state in which it is not then licensed as an authorized insurer.

(2) This section shall not prohibit advertising through publications and radio broadcasts originating outside such reciprocating state, if the insurer is licensed in a majority of the states in which such advertising is disseminated, and if such advertising is not specifically directed to residents of such reciprocating state.

(3) This section shall not prohibit insurance, covering persons or risks located in a reciprocating state, under contracts solicited and issued in states in which the insurer is then licensed. Nor shall it prohibit insurance effectuated by the insurer as an unauthorized insurer in accordance with the laws of the reciprocating state. Nor shall it prohibit renewal or continuance in force, with or without modification, of contracts otherwise lawful and which were not originally executed in violation of this section.

(4) A "reciprocating" state, as used herein, is one under the laws of which a similar prohibition is imposed upon and is enforced against insurers domiciled in that state.

(5) The commissioner shall suspend or revoke the certificate of authority of a domestic insurer found by him, after a hearing, to have violated this section.

NEW SECTION. Sec. 5. A new section is added to chapter 48.07 RCW to read as follows:

(1)(a) Any insurer duly organized under the laws of any other state and admitted to transact insurance business in this state may become a domestic insurer upon complying with all requirements of law for the organization of a domestic insurer in this state and by designating its principal place of business at a location in this state. Such domestic insurer is entitled to a certificate of authority to transact insurance in this state, subject to the conditions set forth in (b) of this subsection, and is subject to the authority and the jurisdiction of this state.

(b) Before being eligible to become a domestic insurer under this section, an admitted insurer shall advise the commissioner, in writing, thirty days in advance of the proposed date of its plan to become a domestic insurer. The commissioner must approve the plan in advance of the proposed date. The commissioner shall not approve any such plan unless, after a hearing, pursuant to such notice as the commissioner may require, the

commissioner finds that the plan is consistent with law, and that no reasonable objection to the plan exists. If the commissioner fails to approve the plan, the commissioner shall state his or her reasons for failure to approve the plan in an order issued at the hearing.

(2) After providing thirty days advance written notice of its plan to the commissioner and upon the written approval of the commissioner in advance of the proposed transfer date, any domestic insurer of this state may transfer its domicile to any other state in which it is admitted to transact the business of insurance. Upon transfer of domicile, the insurer ceases to be a domestic insurer of this state. If otherwise qualified under the laws of this state, the commissioner shall admit the insurer to do business in this state as a foreign insurer. The commissioner shall approve any proposed transfer of domicile unless the commissioner determines after a hearing, pursuant to such notice as the commissioner may require, that the transfer is not in the best interests of the public or the insurer's policyholders in this state. If the commissioner fails to approve a proposed transfer of domicile, the commissioner shall state his or her reasons for failure to approve the transfer in an order issued at the hearing.

(3) When a foreign insurer, admitted to transact business in this state, transfers its corporate domicile to this state or to any other state, the certificate of authority, appointment of statutory agent, and all approved licenses, policy forms, rates, filings, and other authorizations and approvals in existence at the time the foreign insurer transfers its corporate domicile shall continue in effect.

(4) Any insurer transferring its corporate domicile under this section shall file any amendments to articles of incorporation, bylaws, or other corporate documents that are required to be filed in this state before the insurer may receive approval of its proposed plan by the commissioner.

Sec. 6. Section 2, chapter 238, Laws of 1985 as amended by section 2, chapter 148, Laws of 1986 and RCW 48.05.390 are each amended to read as follows:

(1) The report required by RCW 48.05.380 shall include the types of insurance written by the insurer for policies pertaining to:

(a) Medical malpractice for physicians and surgeons, hospitals, other health care professions, and other health care facilities individually;

(b) Products liability;

(c) Attorneys' malpractice;

(d) Architects' and engineers' malpractice;

(e) Municipal liability; and

(f) Day care center liability.

(2) The report shall include the following data by the type of insurance for the previous year ending on the thirty-first day of December:

(a) Direct premiums written;

(b) Direct premiums earned;

(c) Net investment income, including net realized capital gain and losses, using appropriate estimates where necessary;

(d) Incurred claims, development as the sum of the following:

(i) Dollar amount of claims closed with payments; plus

(ii) Reserves for reported claims at the end of the current year; minus

(iii) Reserves for reported claims at the end of the previous year; plus

(iv) Reserves for incurred but not reported claims at the end of the current year; minus

(v) Reserves for incurred but not reported claims at the end of the previous year; plus

(vi) Reserves for loss adjustment expense at the end of the current year; minus

(vii) Reserves for loss adjustment expense at the end of the previous year.

(e) Actual incurred expenses allocated separately to loss adjustment, commissions, other acquisition costs, advertising, general office expenses, taxes, licenses and fees, and all other expenses;

(f) Net underwriting gain or loss;

(g) Net operation gain or loss, including net investment income;

(h) The number and dollar amount of claims closed with payment, by year incurred and the amount reserved for them;

(i) The number of claims closed without payment and the dollar amount reserved for those claims; and

(j) Other information requested by the insurance commissioner.

(3) The report shall be ~~((included as an addendum to the annual statement required by RCW 48.05.250))~~ filed annually with the commissioner, no later than the first day of May.

Sec. 7. Section .14.01, chapter 79, Laws of 1947 as last amended by section 1, chapter 111, Laws of 1981 and RCW 48.14.010 are each amended to read as follows:

(1) The commissioner shall collect in advance the following fees:

(A) FOR FILING CHARTER DOCUMENTS:

(i) Original charter documents, bylaws or record of organization of insurers, or certified copies thereof, required to be filed \$250.00

(ii) Amended charter documents, or certified copy thereof, other than amendments of bylaws \$ 10.00

(iii)	No additional charge or fee shall be required for filing any of such documents in the office of the secretary of state.	
(B)	CERTIFICATE OF AUTHORITY:	
(i)	Issuance	\$ 25.00
(ii)	Renewal	\$ 25.00
(C)	ANNUAL STATEMENT OF INSURER, FILING	\$ 20.00
(D)	ORGANIZATION OR FINANCING OF DOMESTIC INSURERS AND AFFILIATED CORPORATIONS:	
(i)	Application for solicitation permit, filing	\$100.00
(ii)	Issuance of solicitation permit	\$ 25.00
(E)	AGENTS' LICENSES:	
(i)	Agent's qualification licenses each year	\$ 25.00
(ii)	Filing of appointment of each such agent, each year	\$ 10.00
(iii)	Limited license issued pursuant to RCW 48.17.190, each year	\$ 10.00
(F)	BROKERS' LICENSES:	
(i)	Broker's license, each year	\$ 50.00
(ii)	Surplus line broker, each year	\$100.00
(G)	SOLICITORS' LICENSE, EACH YEAR	\$ 10.00
(H)	ADJUSTERS' LICENSES:	
(i)	Independent adjuster, each year	\$ 25.00
(ii)	Public adjuster, each year	\$ 25.00
(I)	RESIDENT GENERAL AGENT'S LICENSE, EACH YEAR	\$ 25.00
(J)	EXAMINATION FOR LICENSE, EACH EXAMINATION:	
((i))	Application processing fee for first examination for license	\$ 5.00
(ii)	Broker's license	\$ 50.00
((iii))	All ((other)) examinations, except examinations administered by an independent testing service, the fees for which are to be approved by the commissioner and collected directly by <u>and retained by</u> such independent testing service	\$ 10.00

(K) MISCELLANEOUS SERVICES:

- (i) Filing other documents \$ 5.00
- (ii) Commissioner's certificate under seal \$ 5.00
- (iii) Copy of documents filed in the commissioner's office, reasonable charge therefor as determined by the commissioner.

(2) All fees so collected shall be remitted by the commissioner to the state treasurer not later than the first business day following, and shall be placed to the credit of the general fund: PROVIDED, That fees for examinations administered by an independent testing service which are approved by the commissioner pursuant to subsection (1)(i)(~~(iii)~~) of this section (~~may~~) shall be collected directly by such independent testing service and retained by it.

Sec. 8. Section .14.04, chapter 79, Laws of 1947 as amended by section 21, chapter 190, Laws of 1949 and RCW 48.14.040 are each amended to read as follows:

(1) If pursuant to the laws of any other state or country, any taxes, (~~fees, penalties;~~) licenses, fees, deposits, or other obligations or prohibitions, in the aggregate, or additional to or at a net rate in excess of any such taxes, (~~fees, penalties;~~) licenses, fees, deposits or other obligations or prohibitions imposed by the laws of this state upon like foreign or alien insurers and their agents and solicitors, are imposed on insurers of this state and their agents doing business in such other state or country, a like rate, obligation or prohibition may be imposed by the commissioner, as to any item or combination of items involved, upon all insurers of such other state or country and their agents doing business in this state, so long as such laws remain in force or are so applied.

(2) For the purposes of this section, an alien insurer(~~;~~) may be deemed to be domiciled in the state wherein it has established its principal office or agency in the United States. If no such office or agency has been established, the domicile of the alien insurer shall be deemed to be the country under the laws of which it is formed.

Sec. 9. Section .17.15, chapter 79, Laws of 1947 as last amended by section 7, chapter 269, Laws of 1979 ex. sess. and RCW 48.17.150 are each amended to read as follows:

- (1) To qualify for an agent's or broker's license an applicant must otherwise comply with this code therefor and must
 - (a) be eighteen years of age or over, if an individual;
 - (b) be a bona fide resident of and actually reside in this state, or if a corporation, be other than an insurer and maintain a lawfully established place of business in this state, except as provided in RCW 48.17.330;

(c) be empowered to be an agent or broker, as the case may be, under its members' agreement, if a firm, or by its articles of incorporation, if a corporation;

(d) complete such minimum educational requirements for the issuance of an agent's license for the kinds of insurance specified in RCW 48.17.210 as may be required by regulation issued by the commissioner;

(e) successfully pass any examination as required under RCW 48.17.110;

(f) be a trustworthy person;

~~(g) ((not intend to use or use the license for the purpose principally of writing controlled business, as defined in RCW 48.17.080;~~

~~(h))~~ if for an agent's license, be appointed as its agent by one or more authorized insurers, subject to issuance of the license; and

~~((f))~~ (h) if for broker's license, have had at least two years experience either as an agent, solicitor, adjuster, general agent, broker, or as an employee of insurers or representatives of insurers, and special education or training of sufficient duration and extent reasonably to satisfy the commissioner that he possesses the competence necessary to fulfill the responsibilities of broker.

(2) The commissioner shall by regulation establish minimum continuing education requirements for the renewal or reissuance of a license to an agent or a broker: PROVIDED, That the commissioner shall require that continuing education courses will be made available on a state-wide basis in order to ensure that persons residing in all geographical areas of this state will have a reasonable opportunity to attend such courses. The continuing education requirements shall be appropriate to the license for the kinds of insurance specified in RCW 48.17.210: PROVIDED FURTHER, That the continuing education requirements may be waived by the commissioner for good cause shown.

(3) If the commissioner finds that the applicant is so qualified and that the license fee has been paid, he shall issue the license. Otherwise, the commissioner shall refuse to issue the license.

Sec. 10. Section .17.23, chapter 79, Laws of 1947 and RCW 48.17.230 are each amended to read as follows:

A licensed agent appointed by an insurer as to life or disability insurances may, if with the knowledge and consent of such insurer, place any portion of a life or disability risk which has been rejected by such insurer, with other authorized insurers without being licensed as to such other insurers. Any agent so placing rejected business becomes the agent for the company issuing the insurance with respect to that business just as if it had appointed such person as its agent.

Sec. 11. Section .17.45, chapter 79, Laws of 1947 as amended by section 6, chapter 197, Laws of 1953 and RCW 48.17.450 are each amended to read as follows:

(1) Every licensed agent, broker, and adjuster, other than an agent licensed for life or disability insurances only, shall have and maintain in this state, or, if a nonresident agent or nonresident broker, in the state of his domicile, a place of business accessible to the public. Such place of business shall be that wherein the agent principally conducts transactions under his licenses. The address of his place of business shall appear on all licenses of the licensee, and the licensee shall promptly notify the commissioner of any change thereof. If the licensee maintains more than one place of business in this state, he shall obtain a duplicate of his license or licenses for each additional such place, and shall pay the full fee therefor.

(2) Any notice from the commissioner to a person licensed under this chapter which directly affects the person's license shall be sent by mail to the person's last address shown in the commissioner's licensing records. A licensee shall notify the commissioner of any change of address.

Sec. 12. Section .17.48, chapter 79, Laws of 1947 and RCW 48.17.480 are each amended to read as follows:

(1) An agent or any other representative of an insurer involved in the procuring or issuance of an insurance contract shall report to the insurer the exact amount of consideration charged as premium for such contract, and such amount shall likewise be shown in the contract and in the records of the agent. Each wilful violation of this provision shall constitute a misdemeanor.

(2) All funds representing premiums or return premiums received by an agent, solicitor or broker, shall be so received in his or her fiduciary capacity, and shall be promptly accounted for and paid to the insured, insurer, or agent as entitled thereto.

(3) Any person licensed under this chapter who receives funds which belong to or should be paid to another person as a result of or in connection with an insurance transaction is deemed to have received the funds in a fiduciary capacity. The licensee shall promptly account for and pay the funds to the person entitled to the funds.

(4) Any agent, solicitor, ~~((or))~~ broker, adjuster or other person licensed under this chapter who, not being lawfully entitled thereto, diverts or appropriates ~~((such))~~ funds received in a fiduciary capacity or any portion thereof to his or her own use, shall be guilty of larceny by embezzlement, and shall be punished as provided in the criminal statutes of this state.

Sec. 13. Section .17.49, chapter 79, Laws of 1947 and RCW 48.17.490 are each amended to read as follows:

(1) No agent, general agent, solicitor, or broker shall compensate or offer to compensate in any manner any person other than an agent, general agent, solicitor, or broker, licensed in this or any other state or province, for procuring or in any manner helping to procure applications for or to place insurance in this state. This provision shall not prohibit the payment of compensation not contingent upon volume of business transacted, in the

form of salaries to the regular employees of such agent, general agent, solicitor or broker, or the payment for services furnished by an unlicensed person who does not participate in the transaction of insurance in any way requiring licensing as an agent, solicitor, broker, or adjuster and who is not compensated on any basis dependent upon a sale of insurance being made.

(2) No such licensee shall be promised or allowed any compensation on account of the procuring of applications for or the placing of kinds of insurance which he himself is not then licensed to procure or place.

(3) The commissioner shall suspend or revoke the licenses of all licensees participating in any violation of this section.

Sec. 14. Section .17.54, chapter 79, Laws of 1947 as last amended by section 8, chapter 181, Laws of 1982 and RCW 48.17.540 are each amended to read as follows:

(1) The commissioner may revoke or refuse to renew any license issued under this chapter, or any surplus line broker's license, immediately and without hearing, upon sentencing of the licensee for conviction of a felony by final judgment of any court of competent jurisdiction, if the facts giving rise to such conviction demonstrate the licensee to be untrustworthy to maintain any such license.

(2) The commissioner may suspend, revoke, or refuse to renew any such license:

(a) By order given to the licensee not less than fifteen days prior to the effective date thereof, subject to the right of the licensee to have a hearing as provided in RCW 48.04.010; or

(b) By an order on hearing made as provided in RCW 34.04.120 effective not less than ten days after date of the giving of the order, subject to the right of the licensee to appeal to the superior court.

(3) The commissioner may temporarily suspend such license by order given to the licensee not less than three days prior to the effective date thereof, provided the order contains a notice of revocation and includes a finding that the public safety or welfare imperatively requires emergency action. Such suspension shall continue only until proceedings for revocation are concluded. The commissioner also may temporarily suspend such license in cases where proceedings for revocation are pending if he or she finds that the public safety or welfare imperatively requires emergency action.

Sec. 15. Section 1, chapter 69, Laws of 1986 and RCW 48.17.600 are each amended to read as follows:

(1) All funds representing premiums or return premiums received by an agent, solicitor or broker in his or her fiduciary capacity shall be accounted for and maintained in a separate account from all other business and personal funds.

(2) An agent, solicitor or broker shall not commingle or otherwise combine premiums with any other moneys, except as provided in subsection (3) of this section.

(3) An agent, solicitor or broker may commingle with premium funds any additional funds as he or she may deem prudent for the purpose of advancing premiums, establishing reserves for the paying of return premiums, or for any contingencies as may arise in his or her business of receiving and transmitting premium or return premium funds.

(4) Each willful violation of this section shall constitute a misdemeanor.

(5) This section shall not apply to agents for title insurance companies or insurance brokers whose average daily balance for premiums received on behalf of insureds in the state of Washington equals or exceeds one million dollars.

Sec. 16. Section 1, chapter 240, Laws of 1987 and RCW 48.22.060 are each amended to read as follows:

Every insurer that writes collision and comprehensive coverage for loss or damage to ~~((a motor vehicle))~~ "private passenger automobiles" or "motor homes," as those terms are defined in RCW 48.18.297 and 46.04.305, respectively, shall provide, upon the insured's request, coverage that will pay, in the event of total loss ~~((or damage))~~, an amount, in excess of the actual cash value of the vehicle, sufficient to satisfy any outstanding indebtedness secured by and incurred in conjunction with the financing of the purchase of a new ~~((motor vehicle))~~ private passenger automobile or motor home.

Nothing in this section prohibits an insurer from denying or excluding such coverage where the insured or someone acting on the insured's behalf acts in a fraudulent manner to obtain or file a claim under such coverage.

Sec. 17. Section 10, chapter 199, Laws of 1979 ex. sess. as amended by section 154, chapter 3, Laws of 1983 and RCW 48.30.157 are each amended to read as follows:

Notwithstanding the provisions of RCW 48.30.140, 48.30.150, and 48.30.155, the commissioner may permit an agent or broker to enter into reasonable arrangements with insureds and prospective insureds to charge a reduced fee in situations where services that are charged for are provided beyond the scope of services customarily provided in connection with the solicitation and procurement of insurance, so that an overall charge to an insured or prospective insured is reasonable taking into account receipt of commissions and fees and their relation, proportionally, to the value of the total work performed.

Sec. 18. Section 20, chapter 193, Laws of 1957 as last amended by section 2, chapter 6, Laws of 1984 and RCW 48.30.260 are each amended to read as follows:

(1) Every debtor or borrower, when property insurance of any kind is required in connection with the debt or loan, shall have reasonable opportunity and choice in the selection of the agent, broker, and insurer through

whom such insurance is to be placed; but only if the insurance is properly provided for the protection of the creditor or lender not later than at commencement of risk as to such property as respects such creditor or lender, and in the case of renewal of insurance, only if the renewal policy, or a proper binder therefor containing a brief description of the coverage bound and the identity of the insurer in which the coverage is bound, is delivered to the creditor or lender not later than thirty days prior to the renewal date.

(2) Every person who lends money or extends credit and who solicits insurance on real and personal property must explain to the borrower in prominently displayed writing that the insurance related to such loan or credit extension may be purchased from an insurer or agent of the borrower's choice, subject only to the lender's right to reject a given insurer or agent as provided in subsection (3)(b) of this section.

(3) No person who lends money or extends credit may:

(a) Solicit insurance for the protection of ((~~real~~)) property, after a person indicates interest in securing a ((~~real-estate~~)) loan or credit extension, until such person has received a commitment from the lender as to a loan or credit extension;

(b) Unreasonably reject a contract of insurance furnished by the borrower for the protection of the property securing the credit or lien. A rejection shall not be deemed unreasonable if it is based on reasonable standards, uniformly applied, relating to the extent of coverage required and the financial soundness and the services of an insurer. Such standards shall not discriminate against any particular type of insurer, nor shall such standards call for rejection of an insurance contract because the contract contains coverage in addition to that required in the credit transaction;

(c) Require that any borrower, mortgagor, purchaser, insurer, broker, or agent pay a separate charge, in connection with the handling of any contract of insurance required as security for a loan ((~~on real-estate~~)), or pay a separate charge to substitute the insurance policy of one insurer for that of another. This subsection does not include the interest which may be charged on premium loans or premium advancements in accordance with the terms of the loan or credit document;

(d) Use or disclose, without the prior written consent of the borrower, mortgagor, or purchaser taken at a time other than the making of the loan or extension of credit, information relative to a contract of insurance which is required by the credit transaction, for the purpose of replacing such insurance;

(e) Require any procedures or conditions of duly licensed agents, brokers, or insurers not customarily required of those agents, brokers, or insurers affiliated or in any way connected with the person who lends money or extends credit; or

(f) Require property insurance in an amount in excess of the amount which could reasonably be expected to be paid under the policy, or combination of policies, in the event of a loss.

(4) Nothing contained in this section shall prevent a person who lends money or extends credit from placing insurance on real or personal property in the event the mortgagor, borrower, or purchaser has failed to provide required insurance in accordance with the terms of the loan or credit document.

(5) Nothing contained in this section shall apply to credit life or credit disability insurance.

Sec. 19. Section 13, chapter 197, Laws of 1961 as last amended by section 2, chapter 65, Laws of 1973 1st ex. sess. and RCW 48.44.160 are each amended to read as follows:

The insurance commissioner may, ~~((after notice and hearing,))~~ subject to a hearing if one is demanded pursuant to chapters 48.04 and 34.04 RCW, revoke, suspend, or refuse to accept or renew registration from any health care service contractor, or he may issue a cease and desist order, or bring an action in any court of competent jurisdiction to enjoin a health care service contractor from doing further business in this state, if such health care service contractor:

(1) Fails to comply with any provision of chapter 48.44 RCW or any proper order or regulation of the commissioner.

(2) Is found by the commissioner to be in such financial condition that its further transaction of business in this state would jeopardize the payment of claims and refunds to subscribers.

(3) Has refused to remove or discharge a director or officer who has been convicted of any crime involving fraud, dishonesty, or like moral turpitude, after written request by the commissioner for such removal, and expiration of a reasonable time therefor as specified in such request.

(4) Usually compels claimants under contracts either to accept less than the amount due them or to bring suit against it to secure full payment of the amount due.

(5) Is affiliated with and under the same general management, or interlocking directorate, or ownership as another health care contractor which operates in this state without having registered therefor, except as is permitted by this chapter.

(6) Refuses to be examined, or if its directors, officers, employees or representatives refuse to submit to examination or to produce its accounts, records, and files for examination by the commissioner when required, or refuse to perform any legal obligation relative to the examination.

(7) Fails to pay any final judgment rendered against it in this state upon any contract, bond, recognizance, or undertaking issued or guaranteed by it, within thirty days after the judgment became final or within thirty days after time for taking an appeal has expired, or within thirty days after

dismissal of an appeal before final determination, whichever date is the later.

(8) Is found by the commissioner, after investigation or upon receipt of reliable information, to be managed by persons, whether by its directors, officers, or by any other means, who are incompetent or untrustworthy or so lacking in health care contracting or related managerial experience as to make the operation hazardous to the subscribing public; or that there is good reason to believe it is affiliated directly or indirectly through ownership, control, or other business relations, with any person or persons whose business operations are or have been marked, to the detriment of policyholders or stockholders, or investors or creditors or subscribers or of the public, by bad faith or by manipulation of assets, or of accounts, or of reinsurance.

NEW SECTION. Sec. 20. (1) The insurance commissioner shall establish a committee to review health care coverage relating to temporomandibular joint disorder. This committee shall include one member from each of the four caucuses of the legislature to be appointed by the appropriate presiding officer in the House or Senate, representatives of the commissioner, the medical and dental professions, insurers, health care service contractors, health maintenance organizations, health care providers and those representing persons with temporomandibular joint disorder.

(2) Not later than November 1, 1988, the commissioner shall receive a report from the committee established under this section. This report shall include any recommendations for legislation, if needed.

(3) Any legislative recommendations presented to the commissioner pursuant to this section shall be referred to the state health coordinating council for its review and recommendation.

(4) The committee established under this section shall be dissolved on January 1, 1989.

NEW SECTION. Sec. 21. Section 5 of this act is necessary for the immediate preservation of the public peace, health, and safety, the support of the state government and its existing public institutions, and shall take effect immediately.

Passed the House March 10, 1988.

Passed the Senate February 26, 1988.

Approved by the Governor March 24, 1988.

Filed in Office of Secretary of State March 24, 1988.