

support. This section eliminates the mandate that a child receive additional support when parents have incomes higher than the ceiling. RCW 26.19.001 states an intent that children in our state should receive support to meet their basic needs and additional support commensurate with their parents' standard of living.

Section 14 changes the way in which child care, transportation and other expenses are paid. Most of these expenses would no longer be paid in advance, which is likely to unfairly burden custodial parents. Furthermore, the remedies for failure to pay seem unworkable. This language appears to require a custodial parent to go to court each time the other parent fails to pay his or her share of a transportation cost or child care bill. I am concerned that this approach will impede a parent's ability to actually collect for expenses incurred and it would also result in more pressure on already crowded court dockets.

With the exception of sections 4, 8, 11 and 14, House Bill No. 2888 is approved."

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### CHAPTER 3

[Substitute House Bill No. 2416]  
INSURANCE STATUTE REVISIONS

AN ACT Relating to insurance; amending RCW 48.04.010, 48.17.110, 48.17.160, 48.17.180, 48.17.450, 48.17.540, 48.21.180, 48.30.140, 48.30.150, 48.30.210, 48.30.230, 48.44.240, 48.30.260, and 48.46.350; repealing RCW 48.17.440; and prescribing penalties.

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

Sec. 1. Section .04.01, chapter 79, Laws of 1947 as last amended by section 2, chapter 248, Laws of 1988 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 or she may deem necessary. ~~((He))~~ The commissioner 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) If a hearing is demanded by a licensee whose license has been temporarily suspended pursuant to RCW 48.17.540, the commissioner shall

hold such hearing demanded within thirty days after ((his)) receipt of the demand or within thirty days of the effective date of a temporary license suspension issued after such demand, unless postponed by mutual consent.

Sec. 2. Section .17.11, chapter 79, Laws of 1947 as last amended by section 3, chapter 182, Laws of 1977 ex. sess. and RCW 48.17.110 are each amended to read as follows:

(1) Each applicant for license as an agent, broker, solicitor, or adjuster shall, prior to the issuance of any such license, personally take and pass to the satisfaction of the examining authority, an examination given as a test of ((his)) that person's qualifications and competence, but this requirement shall not apply to:

(a) Applicants for limited licenses under RCW 48.17.190, at the discretion of the commissioner.

(b) Applicants who within the two year period next preceding date of application have been licensed as a resident in this state under a license requiring qualifications similar to qualifications required by the license applied for or who have successfully completed a course of study recognized as a mark of distinction by the insurance industry and who are deemed by the commissioner to be fully qualified and competent.

(c) Applicants for license as a nonresident agent or as a nonresident broker or as a nonresident adjuster who are duly licensed in their state of residence and who are deemed by the commissioner to be fully qualified and competent for a similar license in this state.

(d) Applicants for an agent's or solicitor's license covering the same kinds of insurance as an agent's or solicitor's license then held by them.

(e) Applicants for an adjuster's license who for a period of one year, a portion of which was in the year next preceding the date of application, have been a full time salaried employee of an insurer or of a general agent to adjust, investigate, or report claims arising under insurance contracts.

(2) Any person licensed as an insurance broker by this state prior to June 8, 1967, who is otherwise qualified to be a licensed insurance broker, shall be entitled to renew ((his)) that person's broker's license by payment of the applicable fee for such of the broker's licenses authorized by RCW 48.17.240, as ((he)) that person shall elect, without taking any additional examination, except as provided in subsection (3).

(3) The commissioner may at any time require any licensed agent, broker, solicitor, or adjuster to take and successfully pass an examination testing ((his)) the licensee's competence and qualifications as a condition to the continuance or renewal of ((his)) a license, if the licensee has been guilty of violation of this code, or has so conducted ((his)) affairs under ((his)) an insurance license as to cause the commissioner reasonably to desire further evidence of ((his)) the licensee's qualifications.

Sec. 3. Section .17.16, chapter 79, Laws of 1947 as last amended by section 2, chapter 269, Laws of 1979 ex. sess. and RCW 48.17.160 are each amended to read as follows:

(1) Each insurer on appointing an agent in this state shall file written notice thereof with the commissioner on forms as prescribed and furnished by the commissioner, and shall pay the filing fee therefor as provided in RCW 48.14.010. The commissioner shall return the appointment of agent form to the insurer for distribution to the agent. The commissioner may adopt regulations establishing alternative appointment procedures for individuals within licensed firms ((or)), corporations, or sole proprietorships who are empowered to exercise the authority conferred by the firm ((or)), corporate, or sole proprietorship license.

(2) Each appointment shall be effective until the agent's license expires or is revoked, the appointment has expired, or written notice of termination of the appointment is filed with the commissioner, whichever occurs first.

(3) When the appointment is revoked by the insurer, written notice of such revocation shall be given to the agent and a copy of the notice of revocation shall be mailed to the commissioner.

(4) Revocation of an appointment by the insurer shall be deemed to be effective as of the date designated in the notice as being the effective date if the notice is actually received by the agent prior to such designated date; otherwise, as of the earlier of the following dates:

(a) The date such notice of revocation was received by the agent.

(b) The date such notice, if mailed to the agent at his last address of record with the insurer, in due course should have been received by the agent.

(5) Appointments shall be for one year and shall expire if not timely renewed. Each insurer shall annually pay the renewal fee set forth for each agent holding an appointment on the annual renewal date assigned the agents of the insurer by the commissioner. The commissioner, by rule, shall determine renewal dates. If a staggered system is used, fees shall be prorated in the conversion to a staggered system.

Sec. 4. Section .17.18, chapter 79, Laws of 1947 as amended by section 4, chapter 269, Laws of 1979 ex. sess. and RCW 48.17.180 are each amended to read as follows:

(1) A firm or corporation (~~shall not~~) may be licensed as an agent, adjuster, or broker (~~unless~~) if each individual empowered to exercise the authority conferred by the corporate or firm license is also licensed. (~~(A nonresident of this state shall not be so designated or empowered.)~~) Exercise or attempted exercise of the powers of the firm or corporation by an unlicensed person, with the knowledge or consent of the firm or corporation, shall constitute cause for the revocation or suspension of the license.

(2) Licenses shall be issued in a trade name only upon proof satisfactory to the commissioner that the trade name has been lawfully registered.

(3) For the purpose of this section, a firm shall include a duly licensed individual acting as a sole proprietorship having associated licensees authorized to act on the proprietor's behalf in the proprietor's business or trade name.

Sec. 5. Section .17.45, chapter 79, Laws of 1947 as last amended by section 11, chapter 248, Laws of 1988 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 this state or in the state of ((his)) the licensee's domicile, a place of business accessible to the public. Such place of business shall be that wherein the agent or broker principally conducts transactions under ((his)) that person's licenses. The address of ((his)) the licensee's place of business shall appear on all of that person's licenses ((of the licensee)), and the licensee shall promptly notify the commissioner of any change thereof. ((If the)) A licensee ((maintains)) maintaining 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, order, or written communication 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 residential address, if an individual, and to the person's last business address, if licensed as a firm or corporation, as such address is shown in the commissioner's licensing records. A licensee shall promptly notify the commissioner of any change of residential or business address.

Sec. 6. Section .17.54, chapter 79, Laws of 1947 as last amended by section 113, chapter 175, Laws of 1989 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 an order ((given to)) served by mail or personal service upon 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 chapter 34.05 RCW, the Administrative Procedure Act, effective not less than ten days after the

date of the service 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 an order served by mail or by personal service upon 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.

(4) Service by mail under this section shall mean posting in the United States mail, addressed to the licensee at the most recent address shown in the commissioner's licensing records for the licensee. Service by mail is complete upon deposit in the United States mail.

Sec. 7. Section 3, chapter 119, Laws of 1974 ex. sess. as amended by section 14, chapter 458, Laws of 1987 and RCW 48.21.180 are each amended to read as follows:

Each group disability insurance contract which is delivered or issued for delivery or renewed, on or after January 1, 1988, and which insures for hospital or medical care shall contain provisions providing benefits for the treatment of chemical dependency rendered to the insured by ~~((an alcoholism or drug treatment facility))~~ a provider which is an "approved treatment facility or program" under RCW ~~((69.54.030 or 70.96A.020(2)))~~ 70.96A.020(3).

Sec. 8. Section .30.14, chapter 79, Laws of 1947 as last amended by section 14, chapter 264, Laws of 1985 and RCW 48.30.140 are each amended to read as follows:

(1) Except to the extent provided for in an applicable filing with the commissioner then in effect, no insurer, general agent, agent, broker, or solicitor shall, as an inducement to insurance, or after insurance has been effected, directly or indirectly, offer, promise, allow, give, set off, or pay to the insured or to any employee of the insured, any rebate, discount, abatement, or reduction of premium or any part thereof named in any insurance contract, or any commission thereon, or earnings, profits, dividends, or other benefit, or any other valuable consideration or inducement whatsoever which is not expressly provided for in the policy.

(2) Subsection (1) of this section shall not apply as to commissions paid to a licensed agent, general agent, broker, or solicitor for insurance placed on ~~((his or her))~~ that person's own property or risks.

(3) This section shall not apply to the allowance by any marine insurer, or marine insurance agent, general agent, broker, or solicitor, to any insured, in connection with marine insurance, of such discount as is sanctioned by custom among marine insurers as being additional to the agent's or broker's commission.

(4) This section shall not apply to advertising or promotional programs conducted by insurers, agents, or brokers whereby prizes, goods, wares, or merchandise, not exceeding ~~((five))~~ twenty-five dollars in value per person in the aggregate in any twelve month period, are given to all insureds or prospective insureds under similar qualifying circumstances.

Sec. 9. Section .30.15, chapter 79, Laws of 1947 as last amended by section 4, chapter 119, Laws of 1975-'76 2nd ex. sess. and RCW 48.30.150 are each amended to read as follows:

No insurer, general agent, agent, broker, solicitor, or other person shall, as an inducement to insurance, or in connection with any insurance transaction, provide in any policy for, or offer, or sell, buy, or offer or promise to buy or give, or promise, or allow to, or on behalf of, the insured or prospective insured ~~((or to any other person on his behalf))~~ in any manner whatsoever:

(1) Any shares of stock or other securities issued or at any time to be issued on any interest therein or rights thereto; or

(2) Any special advisory board contract, or other contract, agreement, or understanding of any kind, offering, providing for, or promising any profits or special returns or special dividends; or

(3) Any prizes, goods, wares, or merchandise of an aggregate value in excess of ~~((five))~~ twenty-five dollars.

This section shall not be deemed to prohibit the sale or purchase of securities as a condition to or in connection with surety insurance insuring the performance of an obligation as part of a plan of financing found by the commissioner to be designed and operated in good faith primarily for the purpose of such financing, nor shall it be deemed to prohibit the sale of redeemable securities of a registered investment company in the same transaction in which life insurance is sold.

Sec. 10. Section .30.21, chapter 79, Laws of 1947 and RCW 48.30.210 are each amended to read as follows:

Any agent, solicitor, broker, examining physician or other person who makes a false or fraudulent statement or representation in or relative to an application for insurance in an insurer transacting insurance under the provisions of this code, shall be guilty of a misdemeanor, and the license of any such agent, solicitor, or broker ~~((so guilty shall))~~ who makes such a statement or representation may be revoked.

Sec. 11. Section .30.23, chapter 79, Laws of 1947 and RCW 48.30.230 are each amended to read as follows:

Any person, who, knowing it to be such:

(1) Presents, or causes to be presented, a false or fraudulent claim, or any proof in support of such a claim, for the payment of a loss under a contract of insurance; or

(2) Prepares, makes, or subscribes any false or fraudulent account, certificate, affidavit, or proof of loss, or other document or writing, with intent that it be presented or used in support of such a claim, is guilty of a gross misdemeanor, or if such claim is in excess of one thousand five hundred dollars, of a class C felony.

Sec. 12. Section 4, chapter 119, Laws of 1974 ex. sess. as last amended by section 16, chapter 458, Laws of 1987 and RCW 48.44.240 are each amended to read as follows:

Each group contract for health care services which is delivered or issued for delivery or renewed, on or after January 1, 1988, shall contain provisions providing benefits for the treatment of chemical dependency rendered to covered persons by ~~((an alcoholism or drug treatment facility))~~ a provider which is an "approved treatment facility or program" under RCW ~~((69.54.030 or 70.96A.020(2)))~~ 70.96A.020(3).

Sec. 13. Section 20, chapter 193, Laws of 1957 as last amended by section 18, chapter 248, Laws of 1988 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, whether by policy or binder, 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 property, after a person indicates interest in securing a 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, 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. 14. Section 13, chapter 106, Laws of 1983 as amended by section 18, chapter 458, Laws of 1987 and RCW 48.46.350 are each amended to read as follows:

Each group agreement for health care services that is delivered or issued for delivery or renewed on or after January 1, 1988, shall contain provisions providing benefits for the treatment of chemical dependency rendered to covered persons by ~~((an alcoholism or drug treatment facility))~~ a provider which is an "approved treatment facility or program" under RCW ~~((69.54.030 or 70.96A.020(2)))~~ 70.96A.020(3): PROVIDED, That



this section does not apply to any agreement written as supplemental coverage to any federal or state programs of health care including, but not limited to, Title XVIII health insurance for the aged (commonly referred to as Medicare, Parts A & B), and amendments thereto. Treatment shall be covered under the chemical dependency coverage if treatment is rendered by the health maintenance organization or if the health maintenance organization refers the enrolled participant or the enrolled participant's dependents to a physician licensed under chapter 18.57 or 18.71 RCW, or to a qualified counselor employed by an approved treatment facility or program described in RCW ((70.96A.020(2))) 70.96A.020(3). In all cases, a health maintenance organization shall retain the right to diagnose the presence of chemical dependency and select the modality of treatment that best serves the interest of the health maintenance organization's enrolled participant, or the enrolled participant's covered dependent.

NEW SECTION. Sec. 15. Section .17.44, chapter 79, Laws of 1947 and RCW 48.17.440 are each repealed.

Passed the House March 9, 1990.

Passed the Senate March 9, 1990.

Approved by the Governor March 26, 1990.

Filed in Office of Secretary of State March 26, 1990.

## CHAPTER 4

[House Bill No. 2694]

### STUDENT TRANSPORTATION SAFETY INTERIM TASK FORCE

AN ACT Relating to the interim task force on student transportation safety; amending section 1, chapter 330, Laws of 1989 (uncodified); and declaring an emergency.

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

Sec. 1. Section 1, chapter 330, Laws of 1989 (uncodified) is amended to read as follows:

(1) An interim task force is created on the safety of students traveling to and from school, whether by walking, riding school buses, or using other transportation.

(2) The task force shall study:

(a) Student pedestrian safety while traveling to and from school, including pedestrian needs, hazardous walking conditions, school crossing guards, and other related issues;

(b) The need for edge striping and curbing for roadways and identify sources of funding such projects; and

(c) The need for school districts, counties, cities, and the state to set standards for infrastructure improvements in conjunction with housing development.