

Every health care service contractor shall file with its annual statement with the insurance commissioner a master list of the ~~((participants))~~ participating providers with whom or with which such health care service contractor has executed contracts of participation, certifying that each such ~~((participant))~~ participating provider has executed such contract of participation. The health care service contractor shall on the first day of each month notify the insurance commissioner in writing in case of the termination of any such contract, and of any ~~((participant))~~ participating provider who has entered into a participating contract during the preceding month.

**NEW SECTION.** Sec. 11. A new section is added to chapter 48.44 RCW to read as follows:

Each health care service contractor shall have a plan for handling insolvency that allows for continuation of benefits for the duration of the contract period for which premiums have been paid and continuation of benefits to members who are confined on the date of insolvency in an inpatient facility until their discharge or expiration of benefits. The commissioner shall approve such a plan if it includes:

(1) Insurance to cover the expenses to be paid for continued benefits after insolvency;

(2) Provisions in provider contracts that obligate the provider to provide services for the duration of the period after the health care service contractor's insolvency for which premium payment has been made and until the enrolled participants are discharged from inpatient facilities;

(3) Use of insolvency reserves established under RCW 48.44.030;

(4) Acceptable letters of credit or approved surety bonds; or

(5) Any other arrangements the commissioner and the organization mutually agree are appropriate to assure that the benefits are continued.

Passed the House March 5, 1990.

Passed the Senate March 2, 1990.

Approved by the Governor March 21, 1990.

Filed in Office of Secretary of State March 21, 1990.

## CHAPTER 121

[Senate Bill No. 6388]

### INSURERS AND AGENTS—CANCELLATION OF CONTRACTS BETWEEN

AN ACT Relating to cancellation of contracts between insurers and agents; adding a new section to chapter 48.17 RCW; and repealing RCW 48.17.590.

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

**NEW SECTION.** Sec. 1. A new section is added to chapter 48.17 RCW to read as follows:

(1) No insurer authorized to do business in this state may cancel or refuse to renew any policy because that insurer's contract with the independent agent through whom such policy is written has been terminated by the insurer, the agent, or by mutual agreement.

(2) If an insurer intends to terminate a written agency contract with an independent agent, the insurer shall give the agent not less than one hundred twenty days' advance written notice of the intent, unless the termination is based upon the agent's abandonment of the agency, the agent's gross and willful misconduct, the agent's loss of license by order of the insurance commissioner, the agent's sale of, or material change of ownership in, the agency, the agent's fraud or material misrepresentation relative to the business of insurance, or the agent's default in payments due the insurer under the terms of the agreement. During the notice period the insurer shall not amend the existing contract without the consent of the agent.

(a) Unless the agency contract provides otherwise, during the one hundred twenty day notice period the independent agent shall not write or bind any new business on behalf of the terminating insurer without specific written approval. However, routine adjustments by insureds are permitted. The terminating insurer shall permit renewal of all its policies in the agent's book of business for a period of one year following the effective date of the termination, to the extent the policies meet the insurer's underwriting standards and the insurer has no other reason for nonrenewal. The rate of commission for any policies renewed under this provision shall be the same as the agent would have received had the agency agreement not been terminated.

(b) An independent agent whose agency contract has been terminated shall have a reasonable opportunity to transfer affected policies to other insurers with which the agent has an appointment: PROVIDED, HOWEVER, That prior to the conclusion of the one-year renewal period following the effective date of the termination, an insurer without a reason for not renewing an insured's policy and which has not received notification of the placement of such policy with another insurer shall provide its insured with appropriate written notice of an offer to continue the policy. In such cases, except where the terminated agent has placed the policy with another agent of the insurer, the insurer shall, where practical, assign the policy to an appointed agent located reasonably near the insured willing to accept the assignment.

(c) An insurer is not required to continue the appointment of a terminated independent agent during or after the one year renewal period. However, an agent whose contract has been terminated by the insurer remains an agent of the terminating insurer as to actions associated with the policies subject to this section just as if he or she were appointed by the insurer as its agent.

(3) In the absence of receipt of notice from the insured that coverage will not be continued with the existing insurer, an insurer whose agency contract has been terminated by an independent agent, or by the mutual agreement of the insurer and the agent, that elects to renew or lacks a reason not to renew, shall give the renewal notice required by chapter 48.18 RCW to affected insureds, and continue renewed coverage in accordance with the methods specified in subsection (2)(b) of this section. Agents affected by this subsection may provide the notice to an insurer that an insured does not intend to continue existing coverage with the insurer, after receiving written authority to do so from an insured.

(4) For purposes of this section an "independent agent" is a licensed insurance agent representing an insurer on an independent contractor basis and not as an employee. This term includes only those agents not obligated by contract to place insurance accounts with a particular insurer or group of insurers.

(5) This section does not apply to (a) agents or policies of an insurer or group of insurers if the business is not owned by the agent and the termination of any such contractual agreement does not result in the cancellation or nonrenewal of any policies of insurance; (b) general agents, to the extent that they are acting in that capacity; (c) life, disability, surety, ocean marine and foreign trade, and title insurance policies; (d) situations where the termination of the agency contract results from the insolvency or liquidation of the terminating insurer.

(6) No insurer may terminate its agency contract with an appointed agent unless it complies with this section.

(7) Nothing contained in this section excuses an insurer from giving cancellation and renewal notices that may be required by chapter 48.18 RCW.

NEW SECTION. Sec. 2. Section 1, chapter 286, Laws of 1986 and RCW 48.17.590 are each repealed.

Passed the Senate February 13, 1990.

Passed the House March 2, 1990.

Approved by the Governor March 21, 1990.

Filed in Office of Secretary of State March 21, 1990.

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## CHAPTER 122

[Substitute Senate Bill No. 6868]

### GUARDIANSHIP

AN ACT Relating to guardianship; amending RCW 11.88.005, 11.88.010, 11.88.020, 11.88.030, 11.88.040, 11.88.045, 11.88.080, 11.88.090, 11.88.100, 11.88.105, 11.88.107, 11.88.120, 11.88.125, 11.88.130, 11.88.140, 11.88.150, 11.92.035, 11.92.040, 11.92.050, 11.92.053, 11.92.056, 11.92.060, 11.92.090, 11.92.100, 11.92.110, 11.92.115, 11.92.130, 11.92.140, 11.92.150, 11.92.160, 11.92.170, 11.92.180, and 11.92.185; adding new sections to chapter 11.88 RCW; adding new sections to chapter 11.92 RCW; and providing an effective date.