

August 26, 2014

14100.0090

**VIA U.S. MAIL AND EMAIL**

Steven V. King, Executive Director and Secretary  
Washington Utilities and Transportation Commission  
1300 W. Evergreen Park Dr. SW  
P.O. Box 47250  
Olympia, Washington 98504-7250

Re: Docket TV-140790, Kevin Lee Miller dba KLM Movers

Dear Mr. King:

We are counsel for the Washington State Surplus Line Association, a non-profit 501(c)(6) trade association that, among other things, handles filings pursuant to RCW 48.15. In light of developments in the above docket we have some comments and a request regarding this matter. First, in no way do we want to explicitly or implicitly condone any violations of Commission operating or safety regulations for household movers. Nor are we necessarily opposed to the Commission's decision in this docket at least for the time being to deny a waiver to applicant KLM Movers in light of operating issues relative to that particular petitioner. In short, Surplus Lines Association does not wish to be viewed as endorsing any inappropriate or unsafe conduct by any household goods mover. This would be the case whether the mover purchased insurance through Surplus Line insurers or any other insurer.

On the other hand, a number of statements were made on the record at the open meeting on June 12, 2014 about Surplus Line insurance that merit some comment. Respectfully, the fine distinction drawn by the Attorney General's office between "authorized" and "lawful" insurance we believe raise some significant questions. To the extent that the Commission interprets the intent of its own regulation, we would suggest that the Commissioners might be interested in more information about the Surplus Line insurance marketplace.

A copy of the Association's brochure is enclosed for that purpose. With that explanation, there should be no reason to doubt the ability or willingness of Surplus Line insurers to pay any valid claims of insureds in the state. Thus, there should be no presumption against the use of Surplus Line insurers as is embodied in the current Commission regulation at issue, WAC 480-15-530. Accordingly, without casting aspersions on anyone at the Commission or within the Surplus Line insurance marketplace, we suggest that:

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1. Where Surplus Line insurance is lawfully placed, it should not be interpreted as "unauthorized" within the true intent and meaning of the Commission's current regulation. We ask such an interpretation be considered and/or that the wording of the regulation be proposed for revision or qualification so that Surplus Line insurance would be presumptively acceptable as long as it is placed consistent with the statutory requirements of Chapter RCW 48.15.

2. Alternatively, a process should be adopted whereby Surplus Line insurance is presumptively entitled to a waiver/petition for exemption approval absent special circumstances. We believe it is important to recognize that insurance is typically placed in a very constricted time frame. Thus, an admitted insurer can decline a risk a few days or even hours before policy expiration with the practical effect that the insured may have only days, and sometimes hours, to obtain substitute coverage. During the short time interval, there is no practical way to apply for and/or receive a specific petition for exemption from the Commission. Thus, Surplus Line would propose a procedure be adopted by rule or policy wherein Surplus Line insurance is subject to an automatic extension or exemption approval for a finite period of time which would allow the staff and/or the Commission to cancel that extension/exemption allowance if the Commission, on its discretionary review, deemed that appropriate.

We realize that the nature of this request will require some further discussion and refinement with our client and its representatives and obvious internal procedural considerations inside the Commission. However, we look forward to communicating with the Commission, its Staff and counsel on these important subjects in the future.

Very truly yours,



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