
Financial Institutions & Insurance Committee

HB 2419

Brief Description: Modifying the exemption to the three-year active transacting requirement for foreign or alien insurer applicants.

Sponsors: Representatives Bailey, Nelson and Kirby.

<p style="text-align: center;">Brief Summary of Bill</p> <ul style="list-style-type: none">• Allows certain applicants for a certificate of authority to be an insurer to provide a monetary deposit with the Insurance Commissioner instead of having a three year history of selling the class or classes of insurance.
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Hearing Date: 1/19/10

Staff: Jon Hedegard (786-7127).

Background:

The Insurance Commissioner (Commissioner) regulates insurance in this state.

A "foreign" insurer is one formed under the laws of:

- the United States;
- a state other than this state; or
- the District of Columbia.

An "alien" insurer is one formed under the laws of a nation other than the United States.

An insurer may not transact business in the admitted market without a certificate of authority. State law requires that a foreign or alien insurer applicant for a certificate of authority to have actively transacted business for three years in the classes of insurance for which it seeks to be admitted. This is known as the "seasoning" requirement. The requirement does not to apply to

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any subsidiary of a seasoned, reputable insurer that has held a certificate of authority in this state for at least three years.

Summary of Bill:

The seasoning requirement does not apply to any applicant for a certificate of authority that has:

- surplus reserves of not less than \$25 million; and
- provided a deposit to the Commissioner of \$1 million dollars that is for the sole benefit of the applicant's policyholders in this state.

The commissioner must release the deposit to an authorized insurer who originally met the deposit requirement for seasoning if the:

- certificate of authority was issued at least three years prior to application for release of the deposit; and
- insurer is in good standing with the Commissioner.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.