FINAL BILL REPORT
HB 2419

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Synopsis as Enacted

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

Sponsors: Representatives Bailey, Nelson and Kirby.

House Committee on Financial Institutions & Insurance
Senate Committee on Financial Institutions, Housing & Insurance

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

Summary:

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 that is for the sole benefit of the applicant's policyholders in this state.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

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.

Votes on Final Passage:

House	97	0
Senate	45	0

Effective: June 10, 2010