

SENATE BILL REPORT

SHB 1364

As Reported By Senate Committee On:
Financial Institutions & Housing, March 21, 1995

Title: An act relating to the disclosure of material transactions of insurance companies, certified health plans, health service contractors, and health maintenance organizations.

Brief Description: Disclosing material transactions.

Sponsors: House Committee on Financial Institutions & Insurance (originally sponsored by Representatives L. Thomas and Kessler).

Brief History:

Committee Activity: Financial Institutions & Housing: 3/21/95 [DP].

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS & HOUSING

Majority Report: Do pass.

Signed by Senators Prentice, Chair; Fraser, Vice Chair; Hale, Roach, Sellar and Smith.

Staff: David Cheal (786-7576)

Background: The Office of the Insurance Commissioner (OIC) oversees the corporate and financial activities of insurance companies authorized to transact insurance in Washington State. These companies must meet statutory requirements for capital, surplus capital, reserves, investments, and other financial and operational considerations. The OIC monitors company organization, financial condition, and investments.

Reinsurance is insurance an insurance company purchases to spread some of its business risk to other companies.

Summary of Bill: Material transactions of insurance companies, certified health plans, health care service contractors, and health maintenance organizations must be reported to the Office of the Insurance Commissioner annually if the information is not reported under other laws. Material transactions are transactions that, during any 30-day period, include an acquisition or disposition that is: (1) non-recurring and not in the ordinary course of business; and (2) involves 5 percent or more of the company's total assets. Assigned reinsurance agreements must be disclosed if they exceed specified limits. Information on material transactions disclosed by companies under these requirements is confidential.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Bill: Ninety days after adjournment of session in which bill is passed.

Testimony For: These additional reports will assist the Insurance Commissioner in effectively monitoring the financial condition of carriers.

Testimony Against: None.

Testified: John Woodall, OIC (pro); Pauline McKinney, Bremerton Housing Authority (pro).