

SENATE BILL REPORT

ESB 5437

As Passed Senate, March 10, 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: Senator Prentice; by request of Insurance Commissioner.

Brief History:

Committee Activity: Financial Institutions & Housing: 2/3/95, 2/14/95 [DP].
Passed Senate, 3/10/95, 47-0.

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. Material transactions also include nonrenewals, cancellations or revisions of reinsurance agreements if more than 50 percent of total reinsured written premium is affected.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: These reports will help the Insurance Commissioner monitor the financial condition of carriers in a timely and effective manner.

Testimony Against: None.

Testified: PRO: Basil Badley, AIA, ACLI, HIAA; Mel Sorensen, NAI.