

# SENATE BILL REPORT

## SSB 5750

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As Passed Senate, March 15, 1997

**Title:** An act relating to filing certain rates and contracts with the insurance commissioner.

**Brief Description:** Allowing commercial property casualty policies to be issued prior to filing the form or rate with the insurance commissioner.

**Sponsors:** Senate Committee on Financial Institutions, Insurance & Housing (originally sponsored by Senators Winsley, Prentice, Hale and Heavey).

**Brief History:**

**Committee Activity:** Financial Institutions, Insurance & Housing: 2/19/97, 3/4/97 [DPS]. Passed Senate, 3/15/97, 43-0.

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### SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, INSURANCE & HOUSING

**Majority Report:** That Substitute Senate Bill No. 5750 be substituted therefor, and the substitute bill do pass.

Signed by Senators Winsley, Chair; Benton, Vice Chair; Finkbeiner, Hale, Heavey and Prentice.

**Staff:** Catherine Mele (786-7470)

**Background:** Under current law, an insurer must file its forms and rates with the office of the Insurance Commissioner before using the forms and rates. After receiving the filing, the commissioner has a 30-day period to review it. The commissioner may extend the 30-day period for an additional 15 days if the commissioner notifies the insurance company of the extension within the 30-day waiting period. A filing meets the requirements of the law unless it is disapproved by the commissioner within the 30-day waiting period, or during the 15-day extension.

**Summary of Bill:** Commercial property casualty policies may be issued prior to filing the rates and forms with the commissioner. Commercial property casualty rates and forms must be filed within 30 days of issuing the policies. Within 30 days after receiving the filing, the commissioner may disapprove the filing. If the filing is disapproved, the commissioner must give notice to the company of its failure to meet the requirements under the law. The notice must also state when the filing is no longer effective. The commissioner is permitted to extend the 30-day period an additional 15 days if notice is given to the insurer prior to expiration of the 30-day period. The disapproval of the filing does not affect any contract issued prior to the date when the commissioner states the filing is no longer effective. If a hearing is held because the commissioner rejects the filing, the burden of proof is on the commissioner to show how the filing failed to meet the legal requirements for approval.

**Appropriation:** None.

**Fiscal Note:** Not requested.

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

**Testimony For:** Currently, it takes months for commercial property casualty rates and forms to be approved by the Office of the Insurance Commissioner. This bill provides a streamlined mechanism for rate and form filing in a competitive market place. This type of file and use system is not uncommon and is used in other states.

**Testimony Against:** None.

**Testified:** PRO: Basil Badley, AIA; Mel Sorensen, NAI; Penny Eliason, Independent Insurance Agents and Brokers; Mike Kappahn, Farmers Insurance; Dan Wolfe, Safeco.

**House Amendment(s):** The House amendment redefines commercial property casualty insurance. The House amendment requires insurers to change previously issued forms or rates that have been disapproved by the commissioner. Other technical changes are made.