

HOUSE BILL REPORT

HB 2767

As Reported By House Committee On:

Financial Institutions & Insurance

Title: An act relating to exempting certain insurance documents from the filing requirements.

Brief Description: Exempting certain insurance documents from the filing requirements.

Sponsors: Representatives Benson and Santos; by request of Insurance Commissioner.

Brief History:

Committee Activity:

Financial Institutions & Insurance: 2/3/00, 2/4/00 [DPS].

Brief Summary of Substitute Bill

- Establishes conditions under which commercial property casualty forms can be exempt from filing with the insurance commissioner.

HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 10 members: Representatives Benson, Republican Co-Chair; Hatfield, Democratic Co-Chair; Bush, Republican Vice Chair; Barlean; Cairnes; DeBolt; Keiser; Santos; Sullivan and Talcott.

Minority Report: Do not pass. Signed by 2 members: Representatives McIntire, Democratic Vice Chair and Quall.

Staff: Charlie Gavigan (786-7340).

Background:

Generally, an insurer must file its policy 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. The commissioner can withdraw approval at any time for cause after a hearing and other requirements are met. The commissioner may exempt non-commercial policy forms from the filing requirements.

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. 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.

Summary of Substitute Bill:

Conditions under which commercial property casualty forms can be exempt from filing with the insurance commissioner are established. The policyholder must meet two of the following for deregulation to apply: (1) pays a \$150,000 annual premium; (2) has 200 or more employees; (3) has a net worth exceeding \$50 million; or (4) has at least \$100 million annual sales or revenue. The commercial policyholder must use the services of an insurance agent/broker and use a risk manager. The policies must contain a disclaimer that the form has not been filed with the insurance commissioner.

Substitute Bill Compared to Original Bill: The substitute establishes conditions under which commercial property casualty forms can be exempt from filing with the insurance commissioner.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: This bill allows the insurance commissioner to deregulate commercial property casualty forms. This will benefit commercial insurance buyers. Legislation a few years ago inadvertently limited the commissioner's authority. All insurance policies should be deregulated.

Testimony Against: Support deregulation, but oppose this bill because a better approach is needed. There should be thresholds to allow large purchasers with

expertise to be deregulated, but smaller businesses without much insurance expertise still need protections.

Testified: (In Support) Randi Abrams, Office of Insurance Commissioner; Steve Wehrly, Insurance Brokers; Tom Long, Insurance Brokers; and Basil Badley, American Insurers Association.

(Opposed) Bill Stauffacher, Independent Insurance Agents and Brokers; Rob Bush, Independent Insurance Agents and Brokers; and Michelle Rupp, Independent Insurance Agents and Brokers.

(Concerns) Deanne Kopkas, National Association of Independent Insurers.