

SENATE BILL REPORT

HB 2600

As Reported By Senate Committee On:
Commerce, Trade, Housing & Financial Institutions, February 22, 2000

Title: An act relating to control of domestic insurance companies.

Brief Description: Controlling domestic insurance companies.

Sponsors: Representatives Santos, Bush and Tokuda.

Brief History:

Committee Activity: Commerce, Trade, Housing & Financial Institutions: 2/22/2000
[DP].

SENATE COMMITTEE ON COMMERCE, TRADE, HOUSING & FINANCIAL INSTITUTIONS

Majority Report: Do pass.

Signed by Senators Prentice, Chair; Benton, Gardner, Hale, Heavey, Rasmussen, T. Sheldon and Winsley.

Staff: Susan Jones (786-7784)

Background: In 1993, the Washington Insurance Code was amended to conform to the National Association of Insurance Commissioner's recommended financial regulation standards. These changes included provisions regulating insurance holding companies, which are insurance companies and affiliates. When a person is acquiring control of an insurer or affiliate, that person must comply with the requirements of the Insurer Holding Company Act. A presumption of control exists if a person owns 10 percent or more of the voting securities. The presumption of control can be challenged by filing a notice of disclaimer of affiliation with the Insurance Commissioner disclosing certain information.

Summary of Bill: The notice disclaiming affiliation of an insurer under the Insurer Holding Company Act must be filed with the applicable insurer in addition to the current requirement to file the notice with the Insurance Commissioner.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: Under current law, a person who owns 10 percent of an insurance company's stock is presumed to control that company. If a person proposes to acquire 10 percent of the stock, that person must make a filing with the Insurance Commissioner and provide a copy to the insurance company. However, if the person does not intend to control

the company, then the person may file a disclaimer of control with the Insurance Commissioner and is not required to provide a copy to the insurance company. This bill corrects this flaw in the law and provides disclosure.

Testimony Against: None.

Testified: PRO: Representative Santos; Rob Tee, Safeco.