

SENATE BILL REPORT

HB 1296

As Reported By Senate Committee On:
Labor, Commerce & Financial Institutions, March 26, 2001

Title: An act relating to restricting the investment of insurers in depository institutions or any company which controls a depository institution.

Brief Description: Restricting the investment of insurers in depository institutions or any company which controls a depository institution.

Sponsors: By Representatives Hatfield, Benson and McIntire; by request of Insurance Commissioner.

Brief History:

Committee Activity: Labor, Commerce & Financial Institutions: 3/19/01, 3/26/01 [DP].

SENATE COMMITTEE ON LABOR, COMMERCE & FINANCIAL INSTITUTIONS

Majority Report: Do pass.

Signed by Senators Prentice, Chair; Gardner, Vice Chair; Franklin, Hochstatter, Honeyford, Patterson, Rasmussen, Regala and Winsley.

Staff: Elizabeth Mitchell (786-7430)

Background: The 1999 Gramm-Leach-Bliley Act provides that depository institutions and insurers can join together in holding companies. The act also provides that insurers may not invest more than 5 percent of their assets in the voting securities of a depository institution.

Current Washington law limits an insurer from investing more than 4 percent of its assets in one institution without consent from the Insurance Commissioner.

Summary of Bill: Insurers are prohibited from investing more than 5 percent of their assets in the voting securities of a depository institution without consent from the Insurance Commissioner.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: This bill brings the state into conformity with a provision of the Gramm-Leach-Bliley Act. The 5 percent limit is an attempt to ensure that insurers diversify their investments.

Testimony Against: None.

Testified: Bill Daley, Office of the Insurance Commissioner (pro).