

# SENATE BILL REPORT

## SHB 2160

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As Reported By Senate Committee On:  
Labor, Commerce & Financial Institutions, February 21, 2002

**Title:** An act relating to the separate reserve fund maintained by a charitable gift annuity business.

**Brief Description:** Regulating charitable gift annuity businesses.

**Sponsors:** House Committee on Financial Institutions & Insurance (originally sponsored by Representative McIntire).

**Brief History:**

**Committee Activity:** Labor, Commerce & Financial Institutions: 2/21/02 [DPA].

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### SENATE COMMITTEE ON LABOR, COMMERCE & FINANCIAL INSTITUTIONS

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**Majority Report:** Do pass as amended.

Signed by Senators Prentice, Chair; Keiser, Vice Chair; Franklin, Gardner, Rasmussen, Regala and Winsley.

**Staff:** Joanne Conrad (786-7472)

**Background:** Reinsurance is a method of contractually sharing risk among insurers. Currently, commercial insurers are allowed by law to utilize reinsurance as part of their reserve fund management strategy.

Charitable gift annuity businesses that provide funding to many types of nonprofit organizations are not permitted to utilize reinsurance. Charitable organizations may be able to increase the effectiveness and economic efficiencies of their fund-raising efforts if allowed to use reinsurance to help meet their annuity payment obligations.

**Summary of Amended Bill:** Charitable gift annuity businesses may be exempt from the statutory requirement of establishing and maintaining a separate reserve fund, provided the charity purchases a commercial single premium life annuity sufficient to cover the organization's payment obligations under the original annuity contracts, and provided that the charity meets several other technical requirements involving oversight by the Office of the Insurance Commissioner regarding licensure and documentation.

**Amended Bill Compared to Substitute Bill:** Restrictions on the use of paid solicitors are eliminated.

**Appropriation:** None.

**Fiscal Note:** Not requested.

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

**Testimony For:** The striking amendment version of this bill has been worked out with the OIC and affected businesses. It provides for oversight, without unreasonable restriction on legitimate business.

**Testimony Against:** None.

**Testified:** Carrie Tellefson, OIC; Howard Johnson, Bill Zook, Washington Planned Giving Council; Jim Boldt, National Community Foundation.