

SENATE BILL REPORT

SB 5776

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

Title: An act relating to protecting the confidentiality of information relating to insurance.

Brief Description: Protecting the confidentiality of information relating to insurance.

Sponsors: Senators Prentice, Winsley, Gardner and Costa; by request of Insurance Commissioner.

Brief History:

Committee Activity: Labor, Commerce & Financial Institutions: 2/15/01, 2/26/01 [DPS].

SENATE COMMITTEE ON LABOR, COMMERCE & FINANCIAL INSTITUTIONS

Majority Report: That Substitute Senate Bill No. 5776 be substituted therefor, and the substitute bill do pass.

Signed by Senators Prentice, Chair; Gardner, Vice Chair; Benton, Deccio, Fairley, Franklin, Patterson, Rasmussen, Regala, West and Winsley.

Staff: Elizabeth Mitchell (786-7430)

Background: The 1999 Gramm-Leach-Bliley Act provides that banks and insurers can join together in holding companies. In order to effectively regulate insurers in such holding companies, the Insurance Commissioner sometimes needs to access information about the banks in these holding companies. There is concern that banks regulated by federal and international authorities may be reluctant to give the Insurance Commissioner information that will become available for public viewing due to Washington public disclosure laws.

Summary of Substitute Bill: Confidential and/or privileged information the Insurance Commissioner receives from specified sources is exempt from public disclosure if the information is protected from public disclosure by the source providing the information. Confidentiality applies only to the commissioner, persons acting under the authority of the commissioner, law and regulatory enforcement personnel, and the National Association of Insurance Commissioners. The information is not subject to subpoena directed to the commissioner or persons acting under the authority of the commissioner. Information can be used by the commissioner in any legal action that is part of the commissioner's official duties.

The sources of information to which this exemption applies are: (1) the National Association of Insurance Commissioners; (2) regulatory or law enforcement officials of other states and nations, the federal government, and international authorities; and (3) agencies in this state. The commissioner can share confidential information among these sources if the recipient agrees to maintain the confidentiality of the information.

Substitute Bill Compared to Original Bill: Confidentiality and privilege applies only to the commissioner, persons acting under the authority of the commissioner, the National Association of Insurance Commissioners, and regulatory and law enforcement personnel. Information is not subject to subpoena specifically directed to the commissioner or persons acting under the authority of the commissioner. Indices of information are not exempt from public disclosure.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: This bill brings the Insurance Commissioner into compliance with the provisions of the Gramm-Leach-Bliley Act. Officials from other states and nations and the federal government will be more likely to give the commissioner confidential information if they are assured that the information will remain confidential. The confidentiality provisions of the bill should be restricted to only apply to the commissioner and law and regulatory officials, and information should not be subject to subpoena only if the subpoena is directed to the commissioner or persons acting under the authority of the commissioner. Indices of information should not be exempt from public disclosure.

Testimony Against: None.

Testified: Bill Daley, Office of the Insurance Commissioner (pro); Larry Shannon, Washington State Trial Lawyers Association (pro with amendments).