



1 Kind or kinds	stock or	Additional
2 of insurance	basic surplus	surplus
3 Life .....	\$((1,000,000))	\$((1,000,000))
4	<u>2,000,000</u>	<u>2,000,000</u>
5 Disability .....	((1,000,000))	((1,000,000))
6	<u>2,000,000</u>	<u>2,000,000</u>
7 Life and disability .....	((1,200,000))	((1,200,000))
8	<u>2,400,000</u>	<u>2,400,000</u>
9 Property .....	((1,000,000))	((1,000,000))
10	<u>2,000,000</u>	<u>2,000,000</u>
11 Marine & transportation .....	((1,000,000))	((1,000,000))
12	<u>2,000,000</u>	<u>2,000,000</u>
13 General casualty .....	((1,200,000))	((1,200,000))
14	<u>2,400,000</u>	<u>2,400,000</u>
15 Vehicle .....	((1,000,000))	((1,000,000))
16	<u>2,000,000</u>	<u>2,000,000</u>
17 Surety .....	((1,000,000))	((1,000,000))
18	<u>2,000,000</u>	<u>2,000,000</u>
19 Any two of the following kinds of		
20 insurance: Property, marine &		
21 transportation, general		
22 casualty, vehicle, surety,		
23 disability .....	((1,500,000))	((1,500,000))
24	<u>3,000,000</u>	<u>3,000,000</u>
25 Multiple lines (all insurances		
26 except life and title		
27 insurance) .....	((1,500,000))	((1,500,000))
28	<u>3,000,000</u>	<u>3,000,000</u>
29 Title (in accordance with the		
30 provisions of chapter 48.29		

1 RCW)

2 (2) Capital and surplus requirements are based upon all the kinds  
3 of insurance transacted by the insurer wherever it may operate or  
4 propose to operate, whether or not only a portion of such kinds are to  
5 be transacted in this state.

6 (3) An insurer holding a certificate of authority to transact  
7 insurance in this state immediately prior to July 1, (~~(1980)~~) 1991, may  
8 continue to be authorized to transact the same kinds of insurance as  
9 long as it is otherwise qualified for such authority and thereafter  
10 maintains unimpaired the amount of paid-in capital stock, if a stock  
11 insurer, or basic surplus, if a mutual or reciprocal insurer, and  
12 special surplus as required of it under laws in force immediately prior  
13 to such effective date; and any proposed domestic insurer which is in  
14 process of formation or financing under a solicitation permit which is  
15 outstanding immediately prior to July 1, (~~(1980)~~) 1991, shall, if  
16 otherwise qualified therefor, be authorized to transact any kind or  
17 kinds of insurance upon the basis of the capital and surplus  
18 requirements of such an insurer under the laws in force immediately  
19 prior to such effective date(~~(:— PROVIDED, That any applicable action~~  
20 ~~pending from the period between June 8, 1967, and July 1, 1980, shall~~  
21 ~~be governed by this section as then in effect)~~). The requirements for  
22 paid-in capital stock, basic surplus, and special surplus that were in  
23 effect immediately before the effective date of this section, apply to  
24 any completed application for a certificate of authority from a foreign  
25 or alien insurer that is on file with the commissioner on the effective  
26 date of this section.

27 **Sec. 2.** RCW 48.15.090 and 1980 c 102 s 4 are each amended to read  
28 as follows:

1 (1) A surplus line broker shall not knowingly place surplus line  
2 insurance with insurers unsound financially. The broker shall  
3 ascertain the financial condition of the unauthorized insurer, and  
4 maintain written evidence thereof, before placing insurance therewith.  
5 The broker shall not so insure with:

6 (a) Any foreign insurer having less than six million dollars of  
7 capital and surplus or ((combined capital funds than the minimum  
8 amounts required for an admitted multiple line insurer in accordance  
9 with RCW 48.05.340 as now or hereafter amended, and in the case of an  
10 alien insurer, there must be on file with the commissioner a copy of a  
11 trust agreement, certified by the trustee, evidencing a subsisting  
12 trust deposit of not less than one half of a like amount by such  
13 insurer with a bank or trust company in the United States, and which  
14 deposit is held for the protection of United States policyholders.  
15 Such trust account shall consist of cash or other assets acceptable to  
16 the commissioner and shall have an expiration date which at no time  
17 shall be less than five years hence)) substantially equivalent capital  
18 funds, of which not less than one million five hundred thousand dollars  
19 is capital; or

20 (b) Any alien insurer, having capital and surplus or substantially  
21 equivalent capital funds of six million dollars and of less than twelve  
22 million five hundred thousand dollars beginning January 1, 1992, and  
23 fifteen million dollars beginning January 1, 1993. Such alien insurers  
24 must have in force in the United States an irrevocable trust account,  
25 in a qualified United States financial institution, on behalf of United  
26 States policyholders of not less than two million five hundred thousand  
27 dollars and consisting of cash, securities, letters of credit, or of  
28 investments of substantially the same character and quality as those  
29 which are eligible investments for the capital and statutory reserves  
30 of admitted insurers authorized to write like kinds of insurance in

1 this state. There must be on file with the commissioner a copy of the  
2 trust, certified by the trustee, evidencing a subsisting trust deposit  
3 having an expiration date which at no time shall be less than five  
4 years. Such trust fund shall be included in the calculation of the  
5 insurer's capital and surplus or its equivalents; or

6 (c) Any unincorporated group of individual insurers maintaining a  
7 trust fund of less than fifty million dollars as security to the full  
8 amount thereof for all policyholders in the United States of each  
9 member of the group, and such trust shall likewise comply with the  
10 terms and conditions established in (b) of this subsection for an alien  
11 insurer; or

12 (d) Any insurance exchange created by the laws of an individual  
13 state, maintaining capital and surplus, or substantially equivalent  
14 capital funds of less than fifty million dollars in the aggregate. For  
15 insurance exchanges which maintain funds for the protection of all  
16 insurance exchange policyholders, each individual syndicate shall  
17 maintain minimum capital and surplus, or the substantial equivalent  
18 thereof, of not less than six million dollars. In the event the  
19 insurance exchange does not maintain funds for the protection of all  
20 insurance exchange policyholders, each individual syndicate shall meet  
21 the minimum capital and surplus requirements of (a) of this subsection.

22 (2) The commissioner may, by rule ((and regulation,)):

23 (a) Increase the financial requirements under subsection (1) of  
24 this section by not more than one million dollars in any twelve-month  
25 period, but in no case may the requirements exceed fifteen million  
26 dollars; or

27 (b) Prescribe the terms under which the foregoing financial  
28 requirements may be waived in circumstances where insurance cannot be  
29 otherwise procured on risks located in this state.

1        (~~(2)~~) (3) For any violation of this section the broker may be  
2 fined not less than one hundred dollars or more than five thousand  
3 dollars, (~~his~~) and in addition to or in lieu thereof the surplus line  
4 broker's license may be revoked, suspended, or nonrenewed.

5        NEW SECTION.    **Sec. 3.**        This act is necessary for the immediate  
6 preservation of the public peace, health, or safety, or support of the  
7 state government and its existing public institutions, and shall take  
8 effect July 1, 1991.