

CERTIFICATION OF ENROLLMENT

SUBSTITUTE HOUSE BILL 1909

52nd Legislature
1991 Special Session

Passed by the House June 19, 1991
Yeas 89 Nays 4

**Speaker of the
House of Representatives**

Passed by the Senate June 26, 1991
Yeas 43 Nays 0

President of the Senate

Approved

Governor of the State of Washington

CERTIFICATE

I, Alan Thompson, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SUBSTITUTE HOUSE BILL 1909** as passed by the House of Representatives and the Senate on the dates hereon set forth.

Chief Clerk

FILED

**Secretary of State
State of Washington**

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 surplus line broker
3 shall ascertain the financial condition of the unauthorized insurer,
4 and maintain written evidence thereof, before placing insurance
5 therewith. The surplus line 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 less than six million dollars of
21 capital and surplus or substantially equivalent capital funds. By
22 January 1, 1992, this requirement shall be increased to twelve million
23 five hundred thousand dollars. By January 1, 1993, this requirement
24 shall be further increased to fifteen million dollars. Such alien
25 insurers must have in force in the United States an irrevocable trust
26 account, in a qualified United States financial institution, on behalf
27 of United States policyholders of not less than two million five
28 hundred thousand dollars and consisting of cash, securities, letters of
29 credit, or of investments of substantially the same character and
30 quality as those which are eligible investments for the capital and

1 statutory reserves of admitted insurers authorized to write like kinds
2 of insurance in this state. There must be on file with the
3 commissioner a copy of the trust, certified by the trustee, evidencing
4 a subsisting trust deposit having an expiration date which at no time
5 shall be less than five years after the date of creation of the trust.
6 Such trust fund shall be included in the calculation of the insurer's
7 capital and surplus or its equivalents; or

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

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

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

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

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

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

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