

SENATE BILL REPORT

SB 6209

AS REPORTED BY COMMITTEE ON LABOR & COMMERCE, FEBRUARY 4, 1994

Brief Description: Applying the insurer holding company act to all insurers.

SPONSORS: Senators Moore, Prince, Prentice, Amondson and McAuliffe; by request of Insurance Commissioner

SENATE COMMITTEE ON LABOR & COMMERCE

Majority Report: That Substitute Senate Bill No. 6209 be substituted therefor, and the substitute bill do pass.

Signed by Senators Prentice, Vice Chairman; Amondson, Fraser, McAuliffe, Newhouse, Sellar, Sutherland and Wojahn.

Staff: Catherine Mele (786-7470)

Hearing Dates: January 28, 1994; February 4, 1994

BACKGROUND:

The Holding Company Act requires that business entities seek prior approval of the Insurance Commissioner in order to obtain control of domestic insurers. The Holding Company Act does not apply to domestic insurers obtaining control of other insurers outside of Washington.

Some concerns have been raised that the Holding Company Act should apply to health service contractors, health maintenance organizations, and certified health plans.

SUMMARY:

A domestic insurer must seek prior approval of the Insurance Commissioner before obtaining control of an out-of-state insurance company. The Holding Company Act is applied to health care service contractors, health maintenance organizations, certified health plans.

EFFECT OF PROPOSED SUBSTITUTE:

An exception is provided for the acquisition of commercial insurers outside the state of Washington.

Appropriation: none

Revenue: none

Fiscal Note: none requested

TESTIMONY FOR:

This bill regarding the Holding Company Act protects Washington consumers from insurance company acquisitions outside the state of Washington. The Insurance Commissioner must have the authority to examine all acquisitions, especially the acquisitions of health care service contractors, health maintenance organizations, and certified health plans.

TESTIMONY AGAINST:

Other states monitor the acquisition of commercial insurance companies in their states. There is no need for the state of Washington to also examine acquisitions. This bill adds much expense to acquisitions.

TESTIFIED: Basil Badley, AIA, ACLI, HIAA (con); Ken Bertrand, Group Health (con); Debra Senn, Insurance Commissioner (pro)