

2 **HB 3052** - S COMM AMD

3 By Committee on Financial Institutions, Insurance & Housing

4 ADOPTED 3/6/98

5 Strike everything after the enacting clause and insert the
6 following:

7 "NEW SECTION. **Sec. 1.** (1) The legislature finds that protection
8 of insurance consumers likely is enhanced by insurers' voluntary
9 compliance with this state's insurance and other laws and that the
10 public will benefit from incentives to identify and remedy insurance
11 and other compliance issues. One method to encourage insurers both to
12 conduct voluntary internal audits of their compliance programs and
13 management systems and to assess and improve compliance with state and
14 federal statutes, rules, and orders, is to provide an insurance
15 compliance self-evaluative privilege to protect the confidentiality of
16 communications relating to voluntary internal compliance audits. The
17 legislature intends to study public policy issues regarding a limited
18 privilege to encourage voluntary compliance and improve insurance
19 market conduct quality, and whether the expanded privilege could
20 inhibit the exercise of the regulatory authority by those entrusted
21 with protecting insurance consumers.

22 (2) The house financial institutions and insurance committee and
23 the senate financial institutions, insurance and housing committee
24 shall jointly study insurance compliance self-evaluative audits and
25 make recommendations on whether a limited privilege should be
26 authorized in Washington state to encourage such audits. The chairs of
27 the two committees shall oversee the study. If the recommendations
28 include authorizing the limited privilege, the study shall develop a
29 bill for consideration in the 1999 legislative session.

30 (3) The two committee chairs shall organize a study group that
31 includes the voluntary participation of the insurance industry, the
32 office of the insurance commissioner, and other interested parties.
33 The ranking minority members of each committee shall also participate
34 in the study group.

35 (4) The house office of program research and senate committee
36 services shall staff the study group.

1 (5) The recommendations of the study group are due by December 31,
2 1998. This section expires January 1, 1999."

3 **HB 3052** - S COMM AMD

4 By Committee on Financial Institutions, Insurance & Housing

5 ADOPTED 3/6/98

6 On page 1, line 1 of the title, after "insurers;" strike the
7 remainder of the title and insert "creating a new section; and
8 providing an expiration date."

--- END ---