

# SENATE BILL REPORT

## HB 1032

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As Reported By Senate Committee On:  
Financial Institutions, Housing & Consumer Protection, March 29, 2005

**Title:** An act relating to adopting the interstate insurance product regulation compact.

**Brief Description:** Adopting the interstate insurance product regulation compact.

**Sponsors:** Representatives Kirby, Roach, Simpson and Schual-Berke; by request of Insurance Commissioner.

**Brief History:** Passed House: 3/04/05, 96-0.

**Committee Activity:** Financial Institutions, Housing & Consumer Protection: 3/29/05 [DP].

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### SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, HOUSING & CONSUMER PROTECTION

**Majority Report:** Do pass.

Signed by Senators Fairley, Chair; Berkey, Vice Chair; Brandland, Delvin, Keiser, Prentice, Schmidt and Spanel.

**Staff:** Joyce Ahlering (786-7486)

**Background:** Through its Regulatory Modernization Plan, the National Association of Insurance Commissioners (NAIC) is working to streamline insurance product filing standards. The NAIC recognizes that greater uniformity of product lines would assist the country's increasingly mobile population and would help insurance carriers compete with banks and securities firms.

After considering input from the insurance industry and consumer groups, NAIC members drafted and adopted the Interstate Insurance Product Regulation Compact Model Act in 2003. The model act allows state insurance regulators to jointly set uniform product standards and establish a single point of filing for designated insurance products. NAIC members await state lawmaker review, input, and approval of the act.

**Summary of Bill:** This bill replicates the NAIC Interstate Insurance Product Regulation Compact Model Act and makes Washington State a compact member. Compact member states pool their resources and expertise to quickly make regulatory decisions on life insurance products. However, member states retain authority over market regulations, financial solvency, claim settlements, and consumer protection issues. The compact covers annuities, life insurance, disability, and long-term care insurance products.

Under the compact, insurance carriers can file their products with the compact commission or with the state Office of the Insurance Commissioner (OIC). The compact's product standards become effective once twenty-six states, or states representing forty percent of the product

volume, become members. Through legislation or regulation, states may choose to opt out of any product approved by the compact.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Committee/Commission/Task Force Created:** No.

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

**Testimony For:** This bill is needed to modernize sections of the insurance code, to harmonize it with current business practices, and to bring the code into compliance with the federal Balanced Budget Act and the Medicare Modernization Act. Many stakeholders have reviewed this legislation.

**Testimony Against:** None.

**Who Testified:** PRO: Mel Sorensen, American Council of Life Insurers; Mary Clogston, Office of the Insurance Commissioner.