

**SENATE BILL REPORT**

**SB 5268**

**AS OF FEBRUARY 21, 1991**

**Brief Description:** Changing requirements regarding insurers.

**SPONSORS:** Senator Moore.

**SENATE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE**

**Staff:** Meg Jones (786-7416)

**Hearing Dates:** February 14, 1991

**BACKGROUND:**

The Insurance Commissioner's budget is set by the Legislature. The insurance industry funds the budget through payment of fees before or on June 15 of each year. The fee amount is calculated on a pro rata basis and measured against the net direct premiums and/or prepayments to health care service contractors. The ceiling on the fee assessed is 1/8 of 1 percent of receipts.

Insurance writers are required to belong to one of two guaranty associations to protect policy holders in the event their carrier becomes insolvent. Insurers are assessed on a pro rata basis of premiums written in the state to fund the association. The Life and Disability Guaranty Association issues "certificates of contribution" which the insurer can list as an asset at decreasing percentages of face value over a period of five years. The amount written off is offset against the premium tax assessed. While the Insurance Guaranty Association does not receive certificates of contribution, insurers are also permitted to offset the 1/5 of the aggregate amount assessed by the guaranty association against the premium tax assessment.

**SUMMARY:**

The pro rated assessment fee for each insurer paid to fund the Insurance Commissioner's regulatory account shall not exceed 1/6 of 1 percent of receipts.

Insurers shall not offset the amount paid in assessment to a guaranty association against the premium tax paid to fund the Insurance Commissioner's regulatory account.

**Appropriation:** none

**Revenue:** yes

**Fiscal Note:** available