
SENATE BILL 5443

State of Washington

52nd Legislature

1991 Regular Session

By Senator Moore.

Read first time January 31, 1991. Referred to Committee on Financial Institutions & Insurance.

1 AN ACT Relating to insurance holding company systems; amending RCW
2 48.31A.020 and 48.31A.050; and repealing RCW 48.31A.055.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 **Sec. 1.** RCW 48.31A.020 and 1985 c 55 s 1 are each amended to read
5 as follows:

6 No person other than the issuer or an affiliate of the issuer shall
7 exchange securities for or otherwise acquire, any voting security or
8 any security convertible into a voting security of a domestic insurer
9 or of any other person controlling a domestic insurer if, as a result
10 of the consummation thereof, that person would directly or indirectly,
11 acquire actual control of the insurer unless:

12 (1) Such person has filed with the commissioner a statement
13 containing such of the following information, and such additional
14 information as the commissioner may by rule or regulation prescribe as

1 necessary or appropriate in the public interest or for the protection
2 of policyholders:

3 (a) The background and identity of all persons by whom or on whose
4 behalf the purchases or the exchange, merger, or other acquisition of
5 control are to be effected;

6 (b) The source and amount of the funds or other consideration used
7 or to be used in making the purchases or in effecting the exchange,
8 merger or other acquisition of control, and, if any part of such funds
9 or other consideration has been or is to be borrowed or otherwise
10 obtained for the purpose of making the purchases or effecting the
11 exchange, merger, or other acquisition of control, a description of the
12 transaction and the names of the parties thereto;

13 (c) Any plans or proposals which such persons may have to liquidate
14 such insurer, to sell its assets or merge it with any person, or to
15 make any other major change in its business or corporate structure or
16 management;

17 (d) The amount of each class of voting securities, or securities
18 which may be converted into voting securities, of such insurer or such
19 controlling person, which are beneficially owned, and the amount of
20 each class of voting securities or securities which may be converted
21 into voting securities of such insurer or such controlling person
22 concerning which there is a right to acquire beneficial ownership, by
23 each such person and by each such affiliate;

24 (e) Information as to any contracts, arrangements or understandings
25 with any person with respect to any securities of such insurer,
26 including but not limited to transfer of any of the securities, joint
27 ventures, loan or option arrangements, puts or calls, guarantees of
28 loans, guarantees against loss or guarantees of profits, division of
29 losses or profits, or the giving or withholding of proxies, naming the

1 persons with whom such contracts, arrangements or understandings have
2 been entered into, and giving the details thereof; and

3 (f) A copy of any such agreement, and any amendments thereto, to
4 exchange or otherwise acquire securities or to merge with or otherwise
5 to acquire control of such insurer;

6 (2) The ~~((exchange or acquisition has been approved by the
7 commissioner in the manner prescribed by RCW 43.31A.050 [48.31A.050]))~~
8 time for disapproval, as provided in RCW 48.31A.050, including any
9 agreed extensions, has elapsed or approval has been given by the
10 commissioner.

11 **Sec. 2.** RCW 48.31A.050 and 1985 c 55 s 2 are each amended to read
12 as follows:

13 (1) The commissioner shall approve ~~((any))~~ an exchange or other
14 acquisition of control referred to in RCW 48.31A.020 within ~~((sixty))~~
15 twenty days of the ~~((receipt))~~ filing of the statement ~~((filed pursuant~~
16 ~~to))~~ required by RCW 48.31A.020 ~~((after holding a public hearing, only~~
17 upon finding that)). An exchange or other acquisition of control may
18 proceed if the commissioner fails to disapprove the transaction within
19 twenty days of filing the statement. The commissioner may disapprove
20 a transaction within twenty days of filing the statement if the
21 commissioner finds that:

22 (a) After the change of control the domestic insurer would satisfy
23 the requirements for the issuance of a certificate of authority
24 according to requirements in force at the time of the issuance of its
25 last certificate of authority to do the insurance business which it
26 intends to transact in this state;

27 (b) The effect of the purchases, exchanges, mergers, or other
28 acquisitions of control ~~((would not))~~ may be substantially to lessen
29 competition in insurance in this state or tend to create a monopoly

1 therein (~~and would not~~) or may violate the laws of this state
2 relating to monopolies or restraint of trade;

3 (c) The financial condition of an acquiring person is such as would
4 (~~not~~) jeopardize the financial stability of the insurer, or prejudice
5 the interest of its policyholders;

6 (d) The plans or proposals which the acquiring person has to
7 liquidate the insurer, to sell its assets, or to merge it with any
8 person, or to make any other major change in its business or corporate
9 structure or management, are (~~not~~) unfair or prejudicial to
10 policyholders;

11 (e) The competence, experience and integrity of those persons who
12 would control the operation of the insurer indicate that it would not
13 be in the interest of policyholders and the public to permit them to do
14 so; (~~and~~) or

15 (f) There has not been full compliance with this chapter or other
16 applicable provisions of Title 48 RCW by the acquiring person.

17 (2) The provisions of RCW 48.31A.020 through 48.31A.050 apply to
18 any change of control except to the extent that the commissioner, by
19 rule or regulation or by order, shall exempt the same from the
20 provisions of such sections as not comprehended within the purpose of
21 those sections.

22 NEW SECTION. **Sec. 3.** RCW 48.31A.055 and 1985 c 55 s 3 are
23 each repealed.