
SENATE BILL 6815

State of Washington

56th Legislature

2000 Regular Session

By Senator Prentice; by request of Insurance Commissioner

Read first time 02/01/2000. Referred to Committee on Health & Long-Term Care.

1 AN ACT Relating to the application of the insurer holding company
2 act to certified health plans, health care service contractors, and
3 health maintenance organizations; amending RCW 48.31B.005; and
4 declaring an emergency.

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

6 **Sec. 1.** RCW 48.31B.005 and 1993 c 462 s 2 are each amended to read
7 as follows:

8 As used in this chapter, the following terms have the meanings set
9 forth in this section, unless the context requires otherwise.

10 (1) An "affiliate" of, or person "affiliated" with, a specific
11 person, is a person who directly, or indirectly through one or more
12 intermediaries, controls, or is controlled by, or is under common
13 control with, the person specified.

14 (2) The term "control," including the terms "controlling,"
15 "controlled by," and "under common control with," means the possession,
16 direct or indirect, of the power to direct or cause the direction of
17 the management and policies of a person, whether through the ownership
18 of voting securities, by contract other than a commercial contract for
19 goods or nonmanagement services, or otherwise, unless the power is the

1 result of an official position with or corporate office held by the
2 person. Control is presumed to exist if a person, directly or
3 indirectly, owns, controls, holds with the power to vote, or holds
4 proxies representing, ten percent or more of the voting securities of
5 any other person. This presumption may be rebutted by a showing made
6 in a manner similar to that provided by RCW 48.31B.025(11) that control
7 does not exist in fact. The commissioner may determine, after
8 furnishing all persons in interest notice and opportunity to be heard
9 and making specific findings of fact to support such determination,
10 that control exists in fact, notwithstanding the absence of a
11 presumption to that effect.

12 (3) An "insurance holding company system" consists of two or more
13 affiliated persons, one or more of which is an insurer.

14 (4) The term "insurer" has the same meaning as set forth in RCW
15 48.01.050(~~(i)-(t)~~). "Insurer" also means a certified health plan
16 registered under chapter 48.43 RCW, a health care service contractor
17 registered under chapter 48.44 RCW, and a health maintenance
18 organization registered under chapter 48.46 RCW. "Insurer" does not
19 include agencies, authorities, or instrumentalities of the United
20 States, its possessions and territories, the commonwealth of Puerto
21 Rico, the District of Columbia, or a state or political subdivision of
22 a state.

23 (5) A "person" is an individual, a corporation, a partnership, an
24 association, a joint stock company, a trust, an unincorporated
25 organization, a similar entity, or any combination of the foregoing
26 acting in concert, but does not include a joint venture partnership
27 exclusively engaged in owning, managing, leasing, or developing real or
28 tangible personal property.

29 (6) A "securityholder" of a specified person is one who owns a
30 security of that person, including common stock, preferred stock, debt
31 obligations, and any other security convertible into or evidencing the
32 right to acquire any of the foregoing.

33 (7) A "subsidiary" of a specified person is an affiliate controlled
34 by that person directly or indirectly through one or more
35 intermediaries.

36 (8) The term "voting security" includes a security convertible into
37 or evidencing a right to acquire a voting security.

1 (9) "Surplus" and "surplus as regards policyholders" as applied to
2 a certified health plan, health care service contractor, and health
3 maintenance organization mean net worth.

4 NEW SECTION. **Sec. 2.** This act is necessary for the immediate
5 preservation of the public peace, health, or safety, or support of the
6 state government and its existing public institutions, and takes effect
7 immediately.

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