

SHB 2740 - H AMD TO H AMD (2740-S AMH SCHU H5064.1)

By Representative Benson

1 On page 6, line 3 of the amendment, after "**Sec. 14.**" strike all
2 material through "board." on line 25 and insert the following:

3 "Upon a determination by the board that the association will be
4 unable to pay its outstanding obligations as they mature, the board
5 may assess its policyholders an additional surcharge. Prior to
6 doing so, the board must provide the commissioner written notice of
7 the surcharge along with a schedule of surcharges.

8 (1) The surcharge schedule will become final thirty days after
9 notice unless the commissioner finds, after a public hearing, that
10 the surcharge amounts are unreasonable or unjustifiable.
11 Surcharges may take into consideration the past and prospective
12 loss and expense experience in different geographical areas within
13 the state. Surcharges are in addition to and not in lieu of the
14 premiums charged for the coverages provided.

15 (2) Surcharge funds collected must be held in a fund separate
16 from other association funds. Such funds must be invested in
17 accordance with applicable law governing publicly held trust funds.
18 The association must file an annual financial statement with
19 respect to such funds.

20 (3) Surcharge funds are subject to the control of the board and
21 may be used to satisfy the legal obligations of the association.

22 (4) No part of the profit or loss of the association may inure
23 to the benefit of any member insurer or become an obligation of any
24 member insurer."

EFFECT:

- Ø Authorizes the association to impose a surcharge on policyholders, in addition to premiums, if premiums are insufficient to fund the association.
- Ø Requires the board to notify the Commissioner prior to issuing a surcharge.

- Ø Authorizes the Commissioner to conduct a public hearing to determine whether the surcharge amounts are unreasonable or unjustifiable.
- Ø Requires surcharge funds to be held in a separate fund and invested according to applicable laws governing publicly held funds.