

SENATE BILL REPORT

SHB 1085

As Reported By Senate Committee On:
Financial Services, Insurance & Housing, April 3, 2003

Title: An act relating to providing confidentiality to certain insurance commissioner examinations.

Brief Description: Providing confidentiality to certain insurance commissioner examinations.

Sponsors: House Committee on Financial Institutions & Insurance (originally sponsored by Representatives Schual-Berke, Benson and Simpson; by request of Insurance Commissioner).

Brief History:

Committee Activity: Financial Services, Insurance & Housing: 4/3/03 [DPA].

SENATE COMMITTEE ON FINANCIAL SERVICES, INSURANCE & HOUSING

Majority Report: Do pass as amended.

Signed by Senators Benton, Chair; Winsley, Vice Chair; Prentice, Reardon and Roach.

Staff: Elizabeth Mitchell (786-7430)

Background: The Office of the Insurance Commissioner examines companies it regulates for market conduct and financial solvency. During the course of these examinations, it is sometimes necessary for the office to request information from other states. Some other states are reluctant to give information to the office because current law does not explicitly exempt this information from public disclosure.

Summary of Amended Bill: Information obtained or produced during financial or market conduct examinations is not required to be publicly disclosed by the commissioner unless the information is cited by the commissioner in connection with an agency action.

If information is to be disclosed as part of an agency action, the commissioner must notify the party that produced the information 20 days before the disclosure. The notified party may seek injunctive relief to prevent disclosure.

Amended Bill Compared to Original Bill: Provisions requiring disclosure of information unless the public interest in nondisclosure outweighs the public interest in disclosure are deleted. Provisions regarding petitioning the Thurston County Superior Court for information are deleted. The commissioner must notify parties 20 days prior to disclosure.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: When doing examinations, the commissioner often needs information from other states. Most states' working papers are confidential, but Washington's are not. The commissioner would like working papers to be confidential so that Washington can participate in multi-state examinations. Neutral: Up to this point, these papers have been open to public disclosure. This represents a major change. There needs to be some mechanism in the bill for people to go to court and request these documents.

Testimony Against: The House bill is not ready. Some portions of the bill are logically inconsistent.

Testified: Bill Daley, OIC (pro); Basil Badley, ACLI (con); Rowland Thompson, Allied Daily Newspapers (neutral).