

SENATE BILL REPORT

SB 5616

As Reported By Senate Committee On:
Financial Services, Insurance & Housing, February 20, 2003

Title: An act relating to insurer foreign investments.

Brief Description: Concerning insurer foreign investments.

Sponsors: Senators Benton, Prentice, Reardon, Zarelli, Winsley, Keiser and Finkbeiner.

Brief History:

Committee Activity: Financial Services, Insurance & Housing: 2/13/03, 2/20/03 [DPS].

SENATE COMMITTEE ON FINANCIAL SERVICES, INSURANCE & HOUSING

Majority Report: That Substitute Senate Bill No. 5616 be substituted therefor, and the substitute bill do pass.

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

Staff: Joanne Conrad (786-7472)

Background: Insurers that are authorized to transact insurance in foreign countries may currently invest their funds in foreign countries, within limits. As part of the limited foreign investment structure, insurers have been allowed to invest no more than 5 percent of their assets in Canadian government and corporate obligations. Investment in the obligations of foreign governments and corporations have been limited to Canadian investments that meet specified standards of soundness and quality.

Summary of Substitute Bill: Insurers are allowed to invest no more than 10 percent of assets in the obligations of foreign governments or foreign corporations. Investment in any one foreign country cannot exceed 5 percent of the insurer's assets. Investments are limited to foreign jurisdictions with a sovereign debt rating of SV01.

Substitute Bill Compared to Original Bill: Limitation on sovereign debt ratings is added.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: Globalization necessitates this change. Modern technology allows for safe foreign investment and diversification. The Office of the Insurance Commissioner maintains abundant oversight.

Testimony Against: None.

Testified: Gary Strannigan, Safeco; Denny Eliason, WA Dental Services; John Woodall, OIC.