

SENATE BILL REPORT

SB 5810

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

Title: An act relating to borrowing money by domestic mutual insurers.

Brief Description: Borrowing money by domestic mutual insurers.

Sponsors: Senators Benton and Prentice.

Brief History:

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

SENATE COMMITTEE ON FINANCIAL SERVICES, INSURANCE & HOUSING

Majority Report: Do pass.

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

Staff: Joanne Conrad (786-7472)

Background: Current insurance law specifies that domestic mutual insurers may borrow money under certain conditions at an interest rate not to exceed 6 percent. The law also specifies how the borrowed money must be shown on the insurer's financial statement.

Summary of Bill: Domestic mutual insurers comply with the National Association of Insurance Commissioner's Accounting Practice and Procedures Manual when accounting for borrowed money. The interest on the borrowed money must be "fair and reasonable."

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: This bill will permit access to a greater variety of financial vehicles.

Testimony Against: None.

Testified: Katie Jacoy, WA Insurers.