

1654

Sponsor(s): Representatives Schual-Berke and Benson

Brief Description: Borrowing money by domestic mutual insurers.

HB 1654 - DIGEST

(DIGEST AS ENACTED)

Provides that an insurer borrowing funds under RCW 48.09.320 must comply with the national association of insurance commissioner's - accounting practices and procedures manual which sets forth requirements for borrowed money to be treated as surplus notes for financial accounting purposes.

Eliminates two of the restrictions imposed on domestic mutual insurers with respect to obtaining loans. First, the interest rate restriction is deleted and replaced with a provision stating that the interest rate must be "fair and reasonable." Second, insurers are allowed to pay "fair and reasonable" commissions or promotional expenses incurred in connection with the acquisition of a loan.