

CERTIFICATION OF ENROLLMENT

**SUBSTITUTE HOUSE BILL 1565**

Chapter 150, Laws of 2009

61st Legislature  
2009 Regular Session

DOMESTIC INSURERS--BUSINESS CONTINUITY PLANS

EFFECTIVE DATE: 01/01/11

Passed by the House March 10, 2009  
Yeas 96 Nays 0

FRANK CHOPP

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**Speaker of the House of Representatives**

Passed by the Senate April 8, 2009  
Yeas 46 Nays 0

BRAD OWEN

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**President of the Senate**

Approved April 21, 2009, 2:42 p.m.

CHRISTINE GREGOIRE

\_\_\_\_\_  
**Governor of the State of Washington**

CERTIFICATE

I, Barbara Baker, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SUBSTITUTE HOUSE BILL 1565** as passed by the House of Representatives and the Senate on the dates hereon set forth.

BARBARA BAKER

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**Chief Clerk**

FILED

April 22, 2009

**Secretary of State  
State of Washington**

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**SUBSTITUTE HOUSE BILL 1565**

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Passed Legislature - 2009 Regular Session

**State of Washington**

**61st Legislature**

**2009 Regular Session**

**By** House Financial Institutions & Insurance (originally sponsored by Representatives Kirby, Kelley, Williams, and Simpson; by request of Insurance Commissioner)

READ FIRST TIME 02/20/09.

1       AN ACT Relating to business continuity plans for domestic insurers;  
2 amending RCW 48.07.160, 48.07.170, 48.07.180, 48.07.190, and 48.07.200;  
3 adding new sections to chapter 48.07 RCW; and providing an effective  
4 date.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6       **Sec. 1.** RCW 48.07.160 and 1963 c 195 s 25 are each amended to read  
7 as follows:

8       It is desirable for the general welfare and in particular for the  
9 welfare of insurance beneficiaries, policyholders, claimants,  
10 subscribers, and others that the business of domestic insurers be  
11 continued notwithstanding the event of a local, state, or national  
12 emergency. The purpose of this section ~~((and))~~, RCW 48.07.170 through  
13 48.07.200, and section 6 of this act is to facilitate the continued  
14 operation of domestic insurers in the event that a local, state, or  
15 national emergency is ~~((caused by an attack on the United States which  
16 is))~~ so disruptive of normal business and commerce ~~((in this state))~~ as  
17 to make it impossible or impracticable for a domestic insurer to  
18 conduct its business in accord with applicable provisions of law, its  
19 bylaws, or its charter. When used in this section ~~((and))~~, RCW

1 48.07.170 through 48.07.200, and section 6 of this act the word  
2 "insurer" (~~((includes a fraternal benefit society))~~) means the same as  
3 defined in RCW 48.01.053.

4 **Sec. 2.** RCW 48.07.170 and 1963 c 195 s 26 are each amended to read  
5 as follows:

6 The board of directors of any domestic insurer may at any time  
7 adopt emergency bylaws, subject to repeal or change by action of those  
8 having power to adopt regular bylaws for such insurer, which shall be  
9 operative during such a local, state, or national emergency and which  
10 may, notwithstanding any different provisions of the regular bylaws, or  
11 of the applicable statutes, or of such insurer's charter, make any  
12 provision that may be reasonably necessary for the operation of such  
13 insurer during the period of such emergency.

14 **Sec. 3.** RCW 48.07.180 and 1963 c 195 s 27 are each amended to read  
15 as follows:

16 In the event that the board of directors of a domestic insurer has  
17 not adopted emergency bylaws, the following provisions shall become  
18 effective upon the occurrence of such a local, state, or national  
19 emergency as (~~(above)~~) described in this chapter:

20 (1) Three directors shall constitute a quorum for the transaction  
21 of business at all meetings of the board.

22 (2) Any vacancy in the board may be filled by a majority of the  
23 remaining directors, though less than a quorum, or by a sole remaining  
24 director.

25 (3) If there are no surviving directors, but at least three vice  
26 presidents of such insurer survive, the three vice presidents with the  
27 longest term of service shall be the directors and shall possess all of  
28 the powers of the previous board of directors and such powers as are  
29 granted (~~(herein)~~) in this chapter or by subsequently enacted  
30 legislation. By majority vote, such emergency board of directors may  
31 elect other directors. If there are not at least three surviving vice  
32 presidents, the commissioner or duly designated person exercising the  
33 powers of the commissioner shall appoint three persons as directors who  
34 shall include any surviving vice presidents and who shall possess all  
35 of the powers of the previous board of directors and such powers as are

1 granted (~~herein~~) in this chapter or by subsequently enacted  
2 legislation, and these persons by majority vote may elect other  
3 directors.

4 **Sec. 4.** RCW 48.07.190 and 1963 c 195 s 28 are each amended to read  
5 as follows:

6 At any time the board of directors of a domestic insurer may, by  
7 resolution, provide that in the event of such a local, state, or  
8 national emergency and in the event of the death or incapacity of the  
9 president, the secretary, or the treasurer of such insurer, such  
10 officers, or any of them, shall be succeeded in the office by the  
11 person named or described in a succession list adopted by the board of  
12 directors. Such list may be on the basis of named persons or position  
13 titles, shall establish the order of priority and may prescribe the  
14 conditions under which the powers of the office shall be exercised.

15 **Sec. 5.** RCW 48.07.200 and 1963 c 195 s 29 are each amended to read  
16 as follows:

17 At any time the board of directors of a domestic insurer may, by  
18 resolution, provide that in the event of such a local, state, or  
19 national emergency the principal office and place of business of such  
20 insurer shall be at such location as is named or described in the  
21 resolution. Such resolution may provide for alternate locations and  
22 establish an order of preference.

23 NEW SECTION. **Sec. 6.** A new section is added to chapter 48.07 RCW  
24 to read as follows:

25 Each domestic insurer must create and maintain a written business  
26 continuity plan identifying procedures relating to a local, state, or  
27 national emergency or significant business disruption.

28 NEW SECTION. **Sec. 7.** A new section is added to chapter 48.07 RCW  
29 to read as follows:

30 After considering relevant standards adopted by the national  
31 association of insurance commissioners, other states, and other  
32 regulatory authorities that regulate financial institutions, the  
33 commissioner shall adopt, by rule, standards for insurers and insurance

1 producers to follow for business continuity planning.

2 NEW SECTION. **Sec. 8.** This act takes effect January 1, 2011.

Passed by the House March 10, 2009.

Passed by the Senate April 8, 2009.

Approved by the Governor April 21, 2009.

Filed in Office of Secretary of State April 22, 2009.