

FINAL BILL REPORT

SSB 6048

C 243 L 20
Synopsis as Enacted

Brief Description: Addressing the group-wide supervision of internationally active insurance groups.

Sponsors: Senate Committee on Financial Institutions, Economic Development & Trade (originally sponsored by Senators Das, Lovelett, Nguyen, Saldaña, Kuderer and Wilson, C.; by request of Insurance Commissioner).

Senate Committee on Financial Institutions, Economic Development & Trade
House Committee on Consumer Protection & Business

Background: In response to the 2008 financial crisis, the National Association of Insurance Commissioners (NAIC) updated the NAIC Holding Company Model Act. The intent of the act was to provide a stronger domestic legal structure under which holding companies are supervised. An insurance holding company system (IHCS) is a system consisting of two or more affiliated persons, one or more of which is an insurer. Washington enacted legislation in 2015, that incorporated those updates, making changes to the Insurer Holding Company Act.

Soon after adopting the updates to the act in 2010, NAIC discovered some gaps in legal authority and the power of a state supervising internationally active insurance groups (IAIGs). An IAIG is an IHCS that has:

- premiums written in at least three countries;
- at least 10 percent of total gross written premiums written outside the United States; and
- total assets of the system based on a three-year rolling average that are at least \$50 billion, or total gross written premiums of \$10 billion.

In December 2014, NAIC adopted additional changes to clarify the legal authority and power of a state to act as a group-wide supervisor for IAIGs, as well as the authority for domestic regulators to cooperate in requiring certain actions by an IHCS. The new changes were put forth as NAIC's Holding Company Model Act (#440).

NAIC is an association composed of elected and appointed insurance regulators from the states and territories of the United States. The Office of the Insurance Commissioner (OIC) is a member of NAIC.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Summary: The provisions of the Insurer Holding Company Act are amended to include the NAIC's Holding Company Model Act (#440), as required for accreditation by NAIC.

OIC is authorized to act as a group-wide supervisor. As a group-wide supervisor for IAIGs, OIC must engage in certain supervision activities including assessing the enterprise risk of IAIGs. OIC may acknowledge another regulatory official as the group-wide supervisor if there are no substantial insurance operations by an IAIG in Washington State or the United States, or it is determined another group-wide supervisor is the appropriate regulatory official.

If there is a material change where an IAIG is domiciled, or where the largest share of the group's premiums, assets, or liabilities are, OIC will determine the group-wide supervisor. OIC shall publish the identity of IAIGs supervised by OIC in the Washington State Register and on the OIC website.

An IAIG must be a registered insurer and is liable for, and must pay, reasonable expenses for administering their supervision.

Votes on Final Passage:

Senate	46	0
House	96	0

Effective: June 11, 2020