

1	Kind or kinds	stock or	Additional
2	of insurance	basic surplus	surplus
3	Life	\$((1,000,000))	\$((1,000,000))
4		<u>2,000,000</u>	<u>2,000,000</u>
5	Disability	((1,000,000))	((1,000,000))
6		<u>2,000,000</u>	<u>2,000,000</u>
7	Life and disability	((1,200,000))	((1,200,000))
8		<u>2,400,000</u>	<u>2,400,000</u>
9	Property	((1,000,000))	((1,000,000))
10		<u>2,000,000</u>	<u>2,000,000</u>
11	Marine & transportation	((1,000,000))	((1,000,000))
12		<u>2,000,000</u>	<u>2,000,000</u>
13	General casualty	((1,200,000))	((1,200,000))
14		<u>2,400,000</u>	<u>2,400,000</u>
15	Vehicle	((1,000,000))	((1,000,000))
16		<u>2,000,000</u>	<u>2,000,000</u>
17	Surety	((1,000,000))	((1,000,000))
18		<u>2,000,000</u>	<u>2,000,000</u>
19	Any two of the following kinds of		
20	insurance: Property, marine &		
21	transportation, general		
22	casualty, vehicle, surety,		
23	disability	((1,500,000))	((1,500,000))
24		<u>3,000,000</u>	<u>3,000,000</u>
25	Multiple lines (all insurances		
26	except life and title		
27	insurance)	((1,500,000))	((1,500,000))
28		<u>3,000,000</u>	<u>3,000,000</u>
29	Title (in accordance with the		
30	provisions of chapter 48.29		

1 RCW)

2 (2) Capital and surplus requirements are based upon all the kinds
3 of insurance transacted by the insurer wherever it may operate or
4 propose to operate, whether or not only a portion of such kinds are to
5 be transacted in this state.

6 (3) An insurer holding a certificate of authority to transact
7 insurance in this state immediately prior to July 1, (~~(1980)~~) 1991, may
8 continue to be authorized to transact the same kinds of insurance as
9 long as it is otherwise qualified for such authority and thereafter
10 maintains unimpaired the amount of paid-in capital stock, if a stock
11 insurer, or basic surplus, if a mutual or reciprocal insurer, and
12 special surplus as required of it under laws in force immediately prior
13 to such effective date; and any proposed domestic insurer which is in
14 process of formation or financing under a solicitation permit which is
15 outstanding immediately prior to July 1, (~~(1980)~~) 1991, shall, if
16 otherwise qualified therefor, be authorized to transact any kind or
17 kinds of insurance upon the basis of the capital and surplus
18 requirements of such an insurer under the laws in force immediately
19 prior to such effective date(~~(:— PROVIDED, That any applicable action~~
20 ~~pending from the period between June 8, 1967, and July 1, 1980, shall~~
21 ~~be governed by this section as then in effect)~~). The requirements for
22 paid-in capital stock, basic surplus, and special surplus that were in
23 effect immediately before the effective date of this section, apply to
24 any completed application for a certificate of authority from a foreign
25 or alien insurer that is on file with the commissioner on the effective
26 date of this section.

27 **Sec. 2.** RCW 48.15.090 and 1980 c 102 s 4 are each amended to read
28 as follows:

1 (1) A surplus line broker shall not knowingly place surplus line
2 insurance with insurers unsound financially. The broker shall
3 ascertain the financial condition of the unauthorized insurer, and
4 maintain written evidence thereof, before placing insurance therewith.
5 The broker shall not so insure with:

6 (a) Any foreign insurer having less than six million dollars of
7 capital and surplus or ((combined capital funds than the minimum
8 amounts required for an admitted multiple line insurer in accordance
9 with RCW 48.05.340 as now or hereafter amended, and in the case of an
10 alien insurer, there must be on file with the commissioner a copy of a
11 trust agreement, certified by the trustee, evidencing a subsisting
12 trust deposit of not less than one half of a like amount by such
13 insurer with a bank or trust company in the United States, and which
14 deposit is held for the protection of United States policyholders.
15 Such trust account shall consist of cash or other assets acceptable to
16 the commissioner and shall have an expiration date which at no time
17 shall be less than five years hence)) substantially equivalent capital
18 funds, of which not less than one million five hundred thousand dollars
19 is capital; or

20 (b) Any alien insurer, having capital and surplus or substantially
21 equivalent capital funds of six million dollars and of less than twelve
22 million five hundred thousand dollars beginning January 1, 1992, and
23 fifteen million dollars beginning January 1, 1993. Such alien insurers
24 must have in force in the United States an irrevocable trust account,
25 in a qualified United States financial institution, on behalf of United
26 States policyholders of not less than two million five hundred thousand
27 dollars and consisting of cash, securities, letters of credit, or of
28 investments of substantially the same character and quality as those
29 which are eligible investments for the capital and statutory reserves
30 of admitted insurers authorized to write like kinds of insurance in

1 this state. There must be on file with the commissioner a copy of the
2 trust, certified by the trustee, evidencing a subsisting trust deposit
3 having an expiration date which at no time shall be less than five
4 years. Such trust fund shall be included in the calculation of the
5 insurer's capital and surplus or its equivalents; or

6 (c) Any unincorporated group of individual insurers maintaining a
7 trust fund of less than fifty million dollars as security to the full
8 amount thereof for all policyholders in the United States of each
9 member of the group, and such trust shall likewise comply with the
10 terms and conditions established in (b) of this subsection for an alien
11 insurer; or

12 (d) Any insurance exchange created by the laws of an individual
13 state, maintaining capital and surplus, or substantially equivalent
14 capital funds of less than fifty million dollars in the aggregate. For
15 insurance exchanges which maintain funds for the protection of all
16 insurance exchange policyholders, each individual syndicate shall
17 maintain minimum capital and surplus, or the substantial equivalent
18 thereof, of not less than six million dollars. In the event the
19 insurance exchange does not maintain funds for the protection of all
20 insurance exchange policyholders, each individual syndicate shall meet
21 the minimum capital and surplus requirements of (a) of this subsection.

22 (2) The commissioner may, by rule ((and regulation,)):

23 (a) Increase the financial requirements under subsection (1) of
24 this section by not more than one million dollars in any twelve-month
25 period, but in no case may the requirements exceed fifteen million
26 dollars; or

27 (b) Prescribe the terms under which the foregoing financial
28 requirements may be waived in circumstances where insurance cannot be
29 otherwise procured on risks located in this state.

1 (~~(2)~~) (3) For any violation of this section the broker may be
2 fined not less than one hundred dollars or more than five thousand
3 dollars, (~~his~~) and in addition to or in lieu thereof the surplus line
4 broker's license may be revoked, suspended, or nonrenewed.

5 NEW SECTION. **Sec. 3.** This act is necessary for the immediate
6 preservation of the public peace, health, or safety, or support of the
7 state government and its existing public institutions, and shall take
8 effect July 1, 1991.