

FINAL BILL REPORT

ESB 5437

C 86 L 95

Synopsis as Enacted

Brief Description: Disclosing material transactions.

Sponsors: Senator Prentice; by request of Insurance Commissioner.

Senate Committee on Financial Institutions & Housing
House Committee on Financial Institutions & Insurance

Background: The Office of the Insurance Commissioner (OIC) oversees the corporate and financial activities of insurance companies authorized to transact insurance in Washington State. These companies must meet statutory requirements for capital, surplus capital, reserves, investments, and other financial and operational considerations. The OIC monitors company organization, financial condition, and investments.

Reinsurance is insurance an insurance company purchases to spread some of its business risk to other companies.

Summary: Material transactions of insurance companies, certified health plans, health care service contractors, and health maintenance organizations must be reported to the Office of the Insurance Commissioner annually (if the information is not reported under other laws). Material transactions are transactions that, during any 30-day period, include an acquisition or disposition that is: (1) non-recurring and not in the ordinary course of business; and (2) involves 5 percent or more of the company's total assets. Material transactions also include nonrenewals, cancellations or revisions of reinsurance agreements if more than 50 percent of the total reinsured written premium is affected.

Votes on Final Passage:

Senate	47	0
House	97	0

Effective: July 23, 1995