

SENATE BILL REPORT

SB 5362

As Reported By Senate Committee On:
Financial Institutions, Housing & Consumer Protection, February 24, 2005

Title: An act relating to insurance.

Brief Description: Regulating insurance, generally.

Sponsors: Senators Fairley, Benson and Prentice; by request of Insurance Commissioner.

Brief History:

Committee Activity: Financial Institutions, Housing & Consumer Protection: 1/27/05, 2/24/05 [DP].

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, HOUSING & CONSUMER PROTECTION

Majority Report: Do pass.

Signed by Senators Fairley, Chair; Berkey, Vice Chair; Benton, Ranking Minority Member; Benson, Brandland, Delvin, Franklin, Keiser, Prentice, Schmidt and Spanel.

Staff: Joyce Ahlering (360-786-7486)

Background: The Revised Code of Washington is periodically updated and clarified by the various state agencies responsible for its implementation. This eliminates obsolete language, makes minor substantive or technical changes, and repeals outdated sections, in a process called "clean-up." This bill is the Office of the Insurance Commissioner's (OIC) clean-up bill.

Summary of Bill: Numerous provisions of the insurance code are modernized and clarified. Outdated sections are repealed, internal cross-references are corrected, and minor substantive or technical changes are made, as follows:

- clarifies OIC's authority to publish and sell books of insurance regulations;
- increases the minimum capital and surplus requirement for title insurers, and clarifies the definition of "title insurance";
- places fees collected for documents filed in the commissioner's office in the OIC regulatory account;
- gives health maintenance organization (HMO) and health care service contractor (HCSC) taxpayers the same treatment as other insurer taxpayers in contract transfers and prepayment notice;
- gives the commissioner discretion to exempt some policy forms from filing and approval, and to allow company agents up to 30 days to notify the commissioner of a company representation appointment;
- increases the exemption of benefits payable to an annuitant from \$250 to \$2,500;
- removes the 50 percent limitation on death benefits for family members under some group life policies;

- revises title insurer certificate and reserve requirements and clarifies their investment minimums;
- exempts insurers writing less than \$1,000 gross premiums from some reporting requirements;
- requires insurer antifraud annual reports to be filed by March 31 of each year, and clarifies the penalty for failure to file those reports;
- brings the state's insurance code into compliance with the federal Balanced Budget Act and the Medicare Modernization Act;
- allows certain fiduciary accounts in FDIC insured institutions;
- directs the deposit of service contract provider application and filing fees into the general fund, rather than the commissioner's regulatory account.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: This bill is needed to modernize sections of the insurance code, to harmonize it with current business practices, and to bring the code into compliance with the federal Balanced Budget Act and the Medicare Modernization Act. Many stakeholders reviewed this legislation.

Testimony Against: None.

Who Testified: PRO: Chris Carlson, Office of the Insurance Commissioner; Mel Sorensen, American Council of Life Insurers, Property Casualty Insurers Association of America, America's Health Insurance Plans.