

HOUSE BILL REPORT

HB 1971

*As Reported By House Committee on:
Financial Institutions & Insurance*

Title: An act relating to alien insurers.

Brief Description: Regulating alien insurers.

Sponsor(s): Representatives Dellwo, Paris, Zellinsky, Mielke, Inslee, Day, Schmidt, Prince and Scott.

Brief History:

Reported by House Committee on:
Financial Institutions & Insurance, March 5, 1991, DPS.

**HOUSE COMMITTEE ON
FINANCIAL INSTITUTIONS & INSURANCE**

Majority Report: *That Substitute House Bill No. 1971 be substituted therefor, and the substitute bill do pass.*
Signed by 13 members: Representatives Dellwo, Chair; Zellinsky, Vice Chair; Broback, Ranking Minority Member; Mielke, Assistant Ranking Minority Member; Anderson; Dorn; Inslee; R. Johnson; R. Meyers; Paris; Schmidt; Scott; and Winsley.

Staff: John Conniff (786-7119).

Background: Insurance companies formed under the laws of another country are defined as alien insurers under the insurance code. An alien insurer wishing to do business in the United States must use one of the 50 states as a state of entry and maintain a trust account for the benefit of United States policyholders. Washington State has no law establishing procedures for the use of this state as a state of entry.

Summary of Substitute Bill: Alien insurers may use the state of Washington as a state of entry for purposes of doing business in the United States by making and maintaining a deposit of assets in a trust account within Washington, in accordance with established procedures and standards.

Substitute Bill Compared to Original Bill: Technical changes are made; trust deposit requirements are increased;

and an alien insurer is permitted to establish a domestic subsidiary insurance company.

Fiscal Note: Not requested.

Effective Date of Substitute Bill: This bill contains an emergency clause and takes effect immediately.

Testimony For: Washington should allow alien insurance companies to choose Washington as its state of entry to do business in the United States. Such a law promotes economic development.

Testimony Against: None.

Witnesses: Basil Badley, Commonwealth Insurance Company (Pro).