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SENATE BILL 5823

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State of Washington                      52nd Legislature                      1991 Regular Session

By Senators West, Sutherland, Owen, Sellar and Matson.

Read first time February 22, 1991. Referred to Committee on Financial Institutions & Insurance.

1            AN ACT Relating to insurance rates; and adding new sections to  
2 chapter 48.19 RCW.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4            NEW SECTION.    **Sec. 1.** A new section is added to chapter 48.19 RCW  
5 to read as follows:

6            The purposes of this chapter are to:

7            (1) Promote price competition among insurers;

8            (2) Protect policyholders and the public against adverse effects of  
9 excessive, inadequate, or unfairly discriminatory rates;

10           (3) Authorize essential cooperative activities among insurers in  
11 the ratemaking process and to regulate such activities to prohibit  
12 practices that tend to substantially lessen competition or create  
13 monopolies; and

14           (4) Provide necessary regulatory authority in the absence of a  
15 competitive marketplace.

1        NEW SECTION.    **Sec. 2.**    A new section is added to chapter 48.19 RCW  
2 to read as follows:

3        (1)    A competitive market is presumed to exist unless the  
4 commissioner, after notice and hearing, determines that competition  
5 does not exist within a market and issues a ruling to that effect. The  
6 ruling shall expire one year after issue unless rescinded earlier by  
7 the commissioner.

8        (2)(a) The commissioner shall consider all relevant structural  
9 factors in determining the competitiveness of the market, including but  
10 not limited to: The number of insurers actively engaged in providing  
11 coverage in the state; market shares; changes in market shares; and  
12 ease of entry into the market in the state.

13        (b) An insurer shall not be required to report information to the  
14 commissioner on a basis inconsistent with its rating plan.

15        NEW SECTION.    **Sec. 3.**    A new section is added to chapter 48.19 RCW  
16 to read as follows:

17        (1)    The commissioner shall disapprove a rate for use in a  
18 competitive market only if the commissioner finds that the rate is  
19 inadequate.

20        (2)    The commissioner may disapprove a rate for use in a  
21 noncompetitive market only if the commissioner finds that the rate is  
22 excessive, inadequate, or unfairly discriminatory.