

HOUSE BILL REPORT

SSB 6509

As Reported By House Committee On:
Financial Institutions & Insurance

Title: An act relating to permitting the Washington life and disability insurance guaranty association to act in the case of impaired insurers.

Brief Description: Acting in the case of impaired insurers.

Sponsors: Senate Committee on Labor & Commerce (originally sponsored by Senators Moore, Amondson and Prentice; by request of Insurance Commissioner).

Brief History:

Reported by House Committee on:
Financial Institutions & Insurance, February 23, 1994,
DP.

HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

Majority Report: Do pass. Signed by 14 members:
Representatives Zellinsky, Chair; Scott, Vice Chair; Mielke,
Ranking Minority Member; Dyer, Assistant Ranking Minority
Member; Anderson; Dellwo; Dorn; R. Johnson; Kessler; Kremen;
Lemmon; Schmidt; Tate and L. Thomas.

Staff: Charlie Gavigan (786-7340).

Background: In 1971 the Washington Life and Disability Insurance Guaranty Association (WLDIGA) was created to protect Washington residents from life and disability insurers that became insolvent. Washington residents are protected up to \$500,000 on life and disability policies. Every life and disability insurer authorized to transact business in this state is required to be a member of the association.

When a life or disability insurer is liquidated, the association assesses the other member insurers to pay claims of the liquidated company. The assessments are based upon the proportion of premiums each member has received from business in this state. The date upon which the association assumes or guarantees the performance of contractual obligations is the date that an order of liquidation is entered against the insolvent insurer. The WLDIGA may not

assume or guarantee any policies or contracts prior to this order.

Summary of Bill: The Washington Life and Disability Insurance Guaranty Association, in addition to assuming or guaranteeing performance of contractual obligations when the insurer becomes insolvent (when a liquidation order is issued), may assume or guarantee performance when the court orders receivership or conservatorship.

Fiscal Note: Available.

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

Testimony For: This bill will better enable Washington customers of impaired or insolvent insurance companies to receive benefits to which they are entitled.

Testimony Against: None.

Witnesses: Walt Corneille, Office of the Insurance Commissioner (supports); and Basil Badley, American Council of Life Insurance & Health Insurance Association of Washington (supports).