

FINAL BILL REPORT

SHB 1837

C 91 L 93
Synopsis as Enacted

Brief Description: Regulating credit for reinsurance.

By House Committee on Financial Institutions & Insurance
(originally sponsored by Representatives Kessler, Mielke and
Zellinsky; by request of Insurance Commissioner).

House Committee on Financial Institutions & Insurance
Senate Committee on Labor & Commerce

Background: Reinsurance is an insurance product purchased by an insurance company to pass some of the risk assumed by the insurance company on to the reinsurer. Since an insurance company's exposure to financial loss is reduced by the purchase of reinsurance, the Insurance Code permits the insurance company to take a credit for the reinsurance as if it were an asset. However, such a credit is permitted only if the reinsurance meets certain statutory standards designed to ensure the financial quality of the reinsurance.

Summary: Insurance Code provisions governing the credit an insurance company may take on its balance sheet for reinsurance are updated. The exemption of ocean marine insurance from the reinsurance provisions is repealed.

Votes on Final Passage:

House	96	0
Senate	49	0

Effective: July 25, 1993