Brief Description: Enabling accreditation of the insurance commissioner.

SPONSORS: Senators Moore, Prince and Prentice; by request of Insurance Commissioner

SENATE COMMITTEE ON LABOR & COMMERCE

Staff: Benson Porter (786-7470)

Hearing Dates: February 24, 1993

BACKGROUND:

The National Association of Insurance Commissioners (NAIC) coordinates the insurance regulatory activities of the states. In this role, the NAIC has established model statutes and regulations for adoption by each state. Some of these models concern financial regulation standards for the supervision of insurance companies. The NAIC will be reviewing each state's insurance statutes and regulations and accrediting those that meet these financial regulation standards. Currently, 19 states have been accredited by the NAIC.

After January 1, 1994, states that have received NAIC accreditation will reject the financial solvency examinations of insurance companies conducted by non-accredited states. Insurance companies chartered in non-accredited states may be refused authority to sell insurance in accredited states or may be subject to re-examination by the accredited state.

SUMMARY:

The Washington insurance code is amended to conform to the NAIC's recommended financial regulation standards and regulatory statutes. The amendments address the following areas: insurance holding companies, insurance broker controlled property and casualty insurance companies, reinsurance intermediaries, managing general agents, insurance company examination procedures, insurer capital and surplus requirements, limitations upon individual insurance company exposure to individual risks, valuation of insurance company investments, receivership, liquidation and rehabilitation of insurance companies, insurance company liabilities and reserves, and regulation of risk retention and risk purchasing groups.

Appropriation: none

Revenue: none

Fiscal Note: requested