

**SENATE BILL REPORT**

**SSB 6209**

**AS PASSED SENATE, FEBRUARY 15, 1994**

**Brief Description:** Applying the insurer holding company act to various insurers.

**SPONSORS:** Senate Committee on Labor & Commerce (originally sponsored by Senators Moore, Prince, Prentice, Amondson and McAuliffe; by request of Insurance Commissioner)

**SENATE COMMITTEE ON LABOR & COMMERCE**

**Majority Report:** That Substitute Senate Bill No. 6209 be substituted therefor, and the substitute bill do pass.

Signed by Senators Prentice, Vice Chairman; Amondson, Fraser, McAuliffe, Newhouse, Sellar, Sutherland and Wojahn.

**Staff:** Catherine Mele (786-7470)

**Hearing Dates:** January 28, 1994; February 4, 1994

**BACKGROUND:**

The Holding Company Act requires that business entities seek prior approval of the Insurance Commissioner in order to obtain control of domestic insurers. The Holding Company Act does not apply to domestic insurers obtaining control of other insurers outside of Washington.

Some concerns have been raised that the Holding Company Act should apply to health service contractors, health maintenance organizations, and certified health plans.

**SUMMARY:**

The Holding Company Act is applied to health care service contractors, health maintenance organizations, and certified health plans. A domestic insurer must seek prior approval before obtaining control of an out-of-state insurance company. An exception to the prior approval requirement is made for commercial insurers that acquire other out-of-state commercial insurers.

**Appropriation:** none

**Revenue:** none

**Fiscal Note:** none requested

**TESTIMONY FOR:**

This bill regarding the Holding Company Act protects Washington consumers from insurance company acquisitions outside the state of Washington. The Insurance Commissioner must have the authority to examine all acquisitions, especially the acquisitions of health care service contractors, health maintenance organizations, and certified health plans.

**TESTIMONY AGAINST:**

Other states monitor the acquisition of commercial insurance companies in their states. There is no need for the state of Washington to also examine acquisitions. This bill adds much expense to acquisitions.

**TESTIFIED:** Basil Badley, AIA, ACLI, HIAA (con); Ken Bertrand, Group Health (con); Deborah Senn, Insurance Commissioner (pro)