

HOUSE BILL ANALYSIS

ON

SB 5809

Brief Description: *Requiring unauthorized insurers to be financially sound.*

BACKGROUND: *Insurance companies generally must be authorized to do business in Washington State by obtaining a certificate of authority from the Office of the Insurance Commissioner. Surplus lines brokers can use unauthorized insurers provided certain criteria are met. Washington requires unauthorized insurers to have a certain amount of capital and surplus held in the state or foreign country where these companies conduct business. In addition, an alien insurer, one formed under the laws of another country, must maintain a trust account in the United States in the amount of \$2,500,000. The trust fund pays the claims of policyholders in the United States in the event of an insolvency.*

SUMMARY: *The required trust account in the United States for an alien insurer providing surplus lines insurance in Washington is increased to \$5,400,000.*

Fiscal Note: *Not requested.*

Effective Date: *June 1, 1998.*

Rulemaking: *No specific authority.*