

SENATE BILL REPORT

ESB 6039

As Passed Senate, March 19, 1997

Title: An act relating to any fine or regulatory assessment imposed in an enforcement action under the insurance code.

Brief Description: Imposing fines or regulatory assessments under the insurance code.

Sponsors: Senator West.

Brief History:

Committee Activity: Ways & Means: 3/4/97, 3/6/97 [DP, DNP].
Passed Senate, 3/19/97, 40-9.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators West, Chair; Deccio, Vice Chair; Strannigan, Vice Chair; Bauer, Hochstatter, Long, McDonald, Roach, Rossi, Schow, Swecker, Winsley and Zarelli.

Minority Report: Do not pass.

Signed by Senators Brown, Kohl, Loveland, Sheldon, Spanel and Thibaudeau.

Staff: Steve Jones (786-7440)

Background: Under the Insurance Code (Title 48 RCW), the Insurance Commissioner is authorized to enforce statutory and regulatory requirements by revoking or suspending an insurer's certificate of authority or by levying fines. The fines may be not less than \$250 and not more than \$10,000. Through a settlement agreement or consent order, an insurer may agree to other remedies that may exceed \$10,000.

If a civil action is necessitated to recover a fine, the action is brought by the Attorney General. Fines collected by the Insurance Commissioner are required to be deposited in the state general fund.

Summary of Bill: Any fine or other regulatory assessment imposed in an enforcement action under the Insurance Code must be collected by the Department of Revenue on behalf of the state and paid into the state general fund.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: None.

Testimony Against: The bill creates inefficiencies by involving multiple state agencies in the enforcement process. The current system is working well, and the Attorney General's office does not have the staff to perform this function. The office of the Insurance Commissioner has levied \$879,000 in fines over the past four years, more than twice as much as the previous Insurance Commissioner. The enforcement practices of the Insurance Commissioner are similar to those of other state agencies, such as the Department of Ecology using consent orders to require cleanup of hazardous waste sites or oil spills. The Attorney General does not need to be involved in collecting fines levied by the Insurance Commissioner.

Testified: Deborah Senn, Insurance Commissioner.

House Amendment(s): The House amendments are grammatical changes only.