
HOUSE BILL 2097

State of Washington

55th Legislature

1997 Regular Session

By Representative L. Thomas

Read first time 02/20/97. Referred to Committee on Financial
Institutions & Insurance.

1 AN ACT Relating to investment practices of insurance companies; and
2 adding a new section to chapter 48.13 RCW.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 NEW SECTION. **Sec. 1.** A new section is added to chapter 48.13 RCW
5 to read as follows:

6 A domestic insurance company may enter into financial transactions
7 solely for the purpose of reducing the risk associated with the assets
8 and liabilities that the company has acquired or incurred or has
9 legally contracted to acquire or incur, and not for speculative
10 purposes. For purposes of this section, "financial transactions"
11 includes, but is not limited to, futures, options, swaps, caps,
12 collars, and floors. An insurer shall be able to demonstrate to the
13 commissioner the intended hedging characteristics and the ongoing
14 effectiveness of the financial transaction or combination of
15 transactions through cash flow testing or other appropriate analysis.

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