

CERTIFICATION OF ENROLLMENT

HOUSE BILL 3052

55th Legislature
1998 Regular Session

Passed by the House March 10, 1998
Yeas 96 Nays 2

**Speaker of the
House of Representatives**

Passed by the Senate March 6, 1998
Yeas 43 Nays 0

President of the Senate

Approved

Governor of the State of Washington

CERTIFICATE

I, Timothy A. Martin, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **HOUSE BILL 3052** as passed by the House of Representatives and the Senate on the dates hereon set forth.

Chief Clerk

FILED

**Secretary of State
State of Washington**

HOUSE BILL 3052

AS AMENDED BY THE SENATE

Passed Legislature - 1998 Regular Session

State of Washington **55th Legislature** **1998 Regular Session**

By Representatives L. Thomas, Smith, Mielke, Grant, DeBolt, Dyer, Hickel, Sullivan and Robertson

Read first time 01/28/98. Referred to Committee on Financial Institutions & Insurance.

1 AN ACT Relating to self-audits by insurers; creating a new section;
2 and providing an expiration date.

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

4 NEW SECTION. **Sec. 1.** (1) The legislature finds that protection of
5 insurance consumers likely is enhanced by insurers' voluntary
6 compliance with this state's insurance and other laws and that the
7 public will benefit from incentives to identify and remedy insurance
8 and other compliance issues. One method to encourage insurers both to
9 conduct voluntary internal audits of their compliance programs and
10 management systems and to assess and improve compliance with state and
11 federal statutes, rules, and orders, is to provide an insurance
12 compliance self-evaluative privilege to protect the confidentiality of
13 communications relating to voluntary internal compliance audits. The
14 legislature intends to study public policy issues regarding a limited
15 privilege to encourage voluntary compliance and improve insurance
16 market conduct quality, and whether the expanded privilege could
17 inhibit the exercise of the regulatory authority by those entrusted
18 with protecting insurance consumers.

1 (2) The house financial institutions and insurance committee and
2 the senate financial institutions, insurance and housing committee
3 shall jointly study insurance compliance self-evaluative audits and
4 make recommendations on whether a limited privilege should be
5 authorized in Washington state to encourage such audits. The chairs of
6 the two committees shall oversee the study. If the recommendations
7 include authorizing the limited privilege, the study shall develop a
8 bill for consideration in the 1999 legislative session.

9 (3) The two committee chairs shall organize a study group that
10 includes the voluntary participation of the insurance industry, the
11 office of the insurance commissioner, and other interested parties.
12 The ranking minority members of each committee shall also participate
13 in the study group.

14 (4) The house office of program research and senate committee
15 services shall staff the study group.

16 (5) The recommendations of the study group are due by December 31,
17 1998. This section expires January 1, 1999.

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