
HOUSE BILL 2600

State of Washington

56th Legislature

2000 Regular Session

By Representatives Santos, Bush and Tokuda

Read first time 01/17/2000. Referred to Committee on Financial Institutions & Insurance.

1 AN ACT Relating to control of domestic insurance companies; and
2 amending RCW 48.31B.025.

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

4 **Sec. 1.** RCW 48.31B.025 and 1993 c 462 s 6 are each amended to read
5 as follows:

6 (1) Every insurer authorized to do business in this state that is
7 a member of an insurance holding company system shall register with the
8 commissioner, except a foreign insurer subject to registration
9 requirements and standards adopted by statute or regulation in the
10 jurisdiction of its domicile that are substantially similar to those
11 contained in:

12 (a) This section;

13 (b) RCW 48.31B.030 (1)(a), (2), and (3); and

14 (c) Either RCW 48.31B.030(1)(b) or a provision such as the
15 following: Each registered insurer shall keep current the information
16 required to be disclosed in its registration statement by reporting all
17 material changes or additions within fifteen days after the end of the
18 month in which it learns of each change or addition.

1 An insurer subject to registration under this section shall
2 register within fifteen days after it becomes subject to registration,
3 and annually thereafter by May 15th of each year for the previous
4 calendar year, unless the commissioner for good cause shown extends the
5 time for registration, and then within the extended time. The
6 commissioner may require an insurer authorized to do business in the
7 state that is a member of a holding company system, but that is not
8 subject to registration under this section, to furnish a copy of the
9 registration statement, the summary specified in subsection (3) of this
10 section, or other information filed by the insurance company with the
11 insurance regulatory authority of its domiciliary jurisdiction.

12 (2) An insurer subject to registration shall file the registration
13 statement on a form prescribed by the commissioner, containing the
14 following current information:

15 (a) The capital structure, general financial condition, ownership,
16 and management of the insurer and any person controlling the insurer;

17 (b) The identity and relationship of every member of the insurance
18 holding company system;

19 (c) The following agreements in force, and transactions currently
20 outstanding or that have occurred during the last calendar year between
21 the insurer and its affiliates:

22 (i) Loans, other investments, or purchases, sales, or exchanges of
23 securities of the affiliates by the insurer or of the insurer by its
24 affiliates;

25 (ii) Purchases, sales, or exchange of assets;

26 (iii) Transactions not in the ordinary course of business;

27 (iv) Guarantees or undertakings for the benefit of an affiliate
28 that result in an actual contingent exposure of the insurer's assets to
29 liability, other than insurance contracts entered into in the ordinary
30 course of the insurer's business;

31 (v) All management agreements, service contracts, and cost-sharing
32 arrangements;

33 (vi) Reinsurance agreements;

34 (vii) Dividends and other distributions to shareholders; and

35 (viii) Consolidated tax allocation agreements;

36 (d) Any pledge of the insurer's stock, including stock of
37 subsidiary or controlling affiliate, for a loan made to a member of the
38 insurance holding company system;

1 (e) Other matters concerning transactions between registered
2 insurers and affiliates as may be included from time to time in
3 registration forms adopted or approved by the commissioner.

4 (3) Registration statements must contain a summary outlining all
5 items in the current registration statement representing changes from
6 the prior registration statement.

7 (4) No information need be disclosed on the registration statement
8 filed under subsection (2) of this section if the information is not
9 material for the purposes of this section. Unless the commissioner by
10 rule or order provides otherwise, sales, purchases, exchanges, loans or
11 extensions of credit, investments, or guarantees involving one-half of
12 one percent or less of an insurer's admitted assets as of the 31st day
13 of the previous December are not material for purposes of this section.

14 (5)(a) Subject to RCW 48.31B.030(2), each registered insurer shall
15 report to the commissioner all dividends and other distributions to
16 shareholders within five business days after their declaration and at
17 least fifteen business days before payment, and shall provide the
18 commissioner such other information as may be required by rule.

19 (b) If the commissioner determines that a registered insurer's
20 surplus as regards policyholders is not reasonable in relation to the
21 insurer's outstanding liabilities and adequate to its financial needs,
22 the commissioner may order the registered insurance company to limit or
23 discontinue the payment of stockholder dividends until such time as the
24 surplus is adequate.

25 (6) A person within an insurance holding company system subject to
26 registration shall provide complete and accurate information to an
27 insurer, where the information is reasonably necessary to enable the
28 insurer to comply with this chapter.

29 (7) The commissioner shall terminate the registration of an insurer
30 that demonstrates that it no longer is a member of an insurance holding
31 company system.

32 (8) The commissioner may require or allow two or more affiliated
33 insurers subject to registration under this section to file a
34 consolidated registration statement.

35 (9) The commissioner may allow an insurer authorized to do business
36 in this state and part of an insurance holding company system to
37 register on behalf of an affiliated insurer that is required to
38 register under subsection (1) of this section and to file all
39 information and material required to be filed under this section.

1 (10) This section does not apply to an insurer, information, or
2 transaction if and to the extent that the commissioner by rule or order
3 exempts the insurer, information, or transaction from this section.

4 (11) A person may file with the commissioner a disclaimer of
5 affiliation with an authorized insurer, or an insurer or a member of an
6 insurance holding company system may file the disclaimer. The person
7 making such a filing with the commissioner shall at the same time
8 deliver a complete copy of the filing to each domestic insurer which is
9 the subject of such filing. The disclaimer must fully disclose all
10 material relationships and bases for affiliation between the person and
11 the insurer as well as the basis for disclaiming the affiliation.
12 After a disclaimer has been filed, the insurer is relieved of any duty
13 to register or report under this section that may arise out of the
14 insurer's relationship with the person unless and until the
15 commissioner disallows the disclaimer. The commissioner shall disallow
16 the ((a-[the])) disclaimer only after furnishing all parties in
17 interest with notice and opportunity to be heard and after making
18 specific findings of fact to support the disallowance.

19 (12) Failure to file a registration statement or a summary of the
20 registration statement required by this section within the time
21 specified for the filing is a violation of this section.

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