FINAL BILL REPORT
HB 1296

C 21 L 01
Synopsis as Enacted

Brief Description: Restricting the investment of insurers in depository institutions or any company which controls a depository institution.

Sponsors: By Representatives Hatfield, Benson and McIntire; by request of Insurance Commissioner.

House Committee on Financial Institutions & Insurance
Senate Committee on Labor, Commerce & Financial Institutions

Background:

The insurance industry is explicitly recognized under the law as one that is affected by the public interest, and thus insurers are subject to stringent regulatory oversight by the Insurance Commissioner. Key to the regulatory scheme imposed on the insurance industry are the statutory provisions regulating insurance company investments. The purpose of such regulation is to ensure that insurance companies invest prudently and thus remain solvent.

Insurance companies may not invest more than 4 percent of total assets in the securities of any one person, institution, or municipal corporation.

Summary:

An insurer is prohibited from investing more than 5 percent of its total assets in the voting securities of a depositary institution (i.e., bank, savings and loan, credit union, etc.) or any company that controls such institution, absent the consent of the Insurance Commissioner.

Votes on Final Passage:

House 98 0
Senate 47 0

Effective: July 22, 2001