

# FINAL BILL REPORT

## SHB 1763

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Synopsis as Enacted

**Brief Description:** Protecting the confidentiality of information relating to insurance.

**Sponsors:** By House Committee on Financial Institutions & Insurance (originally sponsored by Representatives McIntire, Bush, Keiser and Ogden; by request of Insurance Commissioner).

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

**Background:**

With the passage of the Gramm-Leach-Bliley Act in 1999, cross-ownership between banks and insurance companies is now lawful, resulting in increasing hybridization of the two industries. This change has been particularly challenging for state and federal regulatory agencies, whose regulatory powers evolved during a period in which banking and insurance were prohibited from having interlocking corporate structures.

In order to exercise regulatory oversight with respect to insurance companies that have financial ties with banks, the state Insurance Commissioner must be able to share information with federal banking regulators and to have access to the pertinent banking records. However, the Gramm-Leach-Bliley Act prohibits federal banking agencies from sharing confidential information with state insurance regulators unless they can guarantee that all such information will remain confidential. The public disclosure laws in Washington could present an obstacle to the maintenance of the confidentiality required under Gramm-Leach-Bliley. For example, the Public Disclosure Act requires state agencies to make all documents available to the public unless specifically exempted by statute.

**Summary:**

In the furtherance of his or her regulatory duties, the Insurance Commissioner is authorized to obtain certain confidential information that will be exempted from requirements of the Public Disclosure Act. The specified categories of confidential and/or privileged information are exempt from public disclosure by the commissioner. Such confidential information cannot be subject to subpoena, is not discoverable through court procedures, and is not admissible as evidence in any private civil action. Furthermore, neither the commissioner nor his or her employees may be required to testify in any private civil action as to the substance of any of this confidential

information.

The confidentiality privilege applies only to the Office of the Insurance Commissioner, the National Association of Insurance Commissioners, and other specified public agencies.

The categories of confidential information protected from disclosure are as follows: 1) information received from the National Association of Insurance Commissioners; and 2) information received from federal, state, and international governmental agencies. Information obtained from these sources is protected from disclosure only to the extent that it is confidential and/or privileged under the laws of the jurisdiction from which it originated. The commissioner may share confidential information among these sources, provided the recipient agrees to maintain the confidentiality of the information.

The commissioner may use and/or disclose the confidential information in the furtherance of any regulatory or legal action brought as part of the commissioner's official duties.

**Votes on Final Passage:**

House 98 0

Senate 48 0

**Effective:** July 22, 2001