

CERTIFICATION OF ENROLLMENT

**HOUSE BILL 1083**

58th Legislature  
2003 Regular Session

Passed by the House February 12, 2003  
Yeas 97 Nays 0

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**Speaker of the House of Representatives**

Passed by the Senate April 16, 2003  
Yeas 48 Nays 0

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**President of the Senate**

Approved

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**Governor of the State of Washington**

CERTIFICATE

I, Cynthia Zehnder, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **HOUSE BILL 1083** as passed by the House of Representatives and the Senate on the dates hereon set forth.

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**Chief Clerk**

FILED

**Secretary of State  
State of Washington**

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HOUSE BILL 1083

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Passed Legislature - 2003 Regular Session

State of Washington                      58th Legislature                      2003 Regular Session

By Representatives Simpson, Benson and Schual-Berke; by request of Insurance Commissioner

Read first time 01/15/2003.      Referred to Committee on Financial Institutions & Insurance.

1            AN ACT Relating to making clarifying, nonsubstantive amendments to  
2 and correcting outdated references in the insurance code; and amending  
3 RCW 48.01.050, 48.01.235, 48.14.029, 48.18.103, 48.18.291, 48.18A.050,  
4 48.19.043, 48.20.025, 48.21.180, 48.22.110, 48.31.111, 48.31.184,  
5 48.31.185, 48.43.115, 48.44.024, 48.46.068, 48.46.170, 48.46.225,  
6 48.46.350, 48.62.111, 48.90.010, 48.90.020, 48.90.030, 48.90.140, and  
7 48.99.040.

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

9            **Sec. 1.** RCW 48.01.050 and 1990 c 130 s 1 are each amended to read  
10 as follows:

11            "Insurer" as used in this code includes every person engaged in the  
12 business of making contracts of insurance, other than a fraternal  
13 benefit society. A reciprocal or interinsurance exchange is an  
14 "insurer" as used in this code. Two or more hospitals(~~(, as defined in~~  
15 ~~RCW 70.39.020(3), which~~)) that join and organize as a mutual  
16 corporation pursuant to chapter 24.06 RCW for the purpose of insuring  
17 or self-insuring against liability claims, including medical liability,  
18 through a contributing trust fund (~~(shall not be deemed)~~) are not an  
19 "insurer" under this code. Two or more local governmental entities,

1 (~~as defined in RCW 48.62.020, which pursuant to RCW 48.62.040,~~  
2 ~~48.62.035, or any other~~)) under any provision of law, that join  
3 together and organize to form an organization for the purpose of  
4 jointly self-insuring or self-funding (~~shall not be deemed~~) are not  
5 an "insurer" under this code. Two or more persons engaged in the  
6 business of commercial fishing who enter into an arrangement with other  
7 such persons for the pooling of funds to pay claims or losses arising  
8 out of loss or damage to a vessel or machinery used in the business of  
9 commercial fishing and owned by a member of the pool (~~shall not be~~  
10 ~~deemed~~) are not an "insurer" under this code.

11 **Sec. 2.** RCW 48.01.235 and 1995 c 34 s 3 are each amended to read  
12 as follows:

13 (1) An issuer and an employee welfare benefit plan, whether insured  
14 or self funded, as defined in the employee retirement income security  
15 act of 1974, 29 U.S.C. Sec. 1101 et seq. may not deny enrollment of a  
16 child under the health plan of the child's parent on the grounds that:

- 17 (a) The child was born out of wedlock;  
18 (b) The child is not claimed as a dependent on the parent's federal  
19 tax return; or

20 (c) The child does not reside with the parent or in the issuer's,  
21 or insured or self funded employee welfare benefit plan's service area.

22 (2) Where a child has health coverage through an issuer, or an  
23 insured or self funded employee welfare benefit plan of a noncustodial  
24 parent(~~{,}~~), the issuer, or insured or self funded employee welfare  
25 benefit plan, shall:

26 (a) Provide such information to the custodial parent as may be  
27 necessary for the child to obtain benefits through that coverage;

28 (b) Permit the provider or the custodial parent to submit claims  
29 for covered services without the approval of the noncustodial parent.  
30 If the provider submits the claim, the provider will obtain the  
31 custodial parent's assignment of insurance benefits or otherwise secure  
32 the custodial parent's approval.

33 For purposes of this subsection the department of social and health  
34 services as the state medicaid agency under RCW 74.09.500 may reassign  
35 medical insurance rights to the provider for custodial parents whose  
36 children are eligible for services under RCW 74.09.500; and

1 (c) Make payments on claims submitted in accordance with (b) of  
2 this subsection directly to the custodial parent, to the provider, or  
3 to the department of social and health services as the state medicaid  
4 agency under RCW 74.09.500.

5 (3) Where a child does not reside in the issuer's service area, an  
6 issuer shall cover no less than urgent and emergent care. Where the  
7 issuer offers broader coverage, whether by policy or reciprocal  
8 agreement, the issuer shall provide such coverage to any child  
9 otherwise covered that does not reside in the issuer's service area.

10 (4) Where a parent is required by a court order to provide health  
11 coverage for a child, and the parent is eligible for family health  
12 coverage, the issuer, or insured or self funded employee welfare  
13 benefit plan, shall:

14 (a) Permit the parent to enroll, under the family coverage, a child  
15 who is otherwise eligible for the coverage without regard to any  
16 enrollment season restrictions;

17 (b) Enroll the child under family coverage upon application of the  
18 child's other parent, department of social and health services as the  
19 state medicaid agency under RCW 74.09.500, or child support enforcement  
20 program (~~as defined under RCW 26.18.170~~), if the parent is enrolled  
21 but fails to make application to obtain coverage for such child; and

22 (c) Not disenroll, or eliminate coverage of, such child who is  
23 otherwise eligible for the coverage unless the issuer or insured or  
24 self funded employee welfare benefit plan is provided satisfactory  
25 written evidence that:

26 (i) The court order is no longer in effect; or

27 (ii) The child is or will be enrolled in comparable health coverage  
28 through another issuer, or insured or self funded employee welfare  
29 benefit plan, which will take effect not later than the effective date  
30 of disenrollment.

31 (5) An issuer, or insured or self funded employee welfare benefit  
32 plan, that has been assigned the rights of an individual eligible for  
33 medical assistance under medicaid and coverage for health benefits from  
34 the issuer, or insured or self funded employee welfare benefit plan,  
35 may not impose requirements on the department of social and health  
36 services that are different from requirements applicable to an agent or  
37 assignee of any other individual so covered.

1       **Sec. 3.** RCW 48.14.029 and 1998 c 313 s 3 are each amended to read  
2 as follows:

3       (1) Subject to the limits in this section, an eligible person is  
4 allowed a credit against the tax due under RCW 48.14.020. The credit  
5 is based on qualified employment positions in eligible areas. The  
6 credit is available to persons who are engaged in international  
7 insurance services as defined in this section. In order to receive the  
8 credit, the international insurance services activities must take place  
9 at a business within the eligible area.

10       (2)(a) The credit shall equal three thousand dollars for each  
11 qualified employment position created after July 1, 1998, in an  
12 eligible area. A credit is earned for the calendar year the person is  
13 hired to fill the position, plus the four subsequent consecutive years,  
14 if the position is maintained for those four years.

15       (b) Credit may not be taken for hiring of persons into positions  
16 that exist on July 1, 1998. Credit is authorized for new employees  
17 hired for new positions created after July 1, 1998. New positions  
18 filled by existing employees are eligible for the credit under this  
19 section only if the position vacated by the existing employee is filled  
20 by a new hire.

21       (c) When a position is newly created, if it is filled before July  
22 1st, this position is eligible for the full yearly credit. If it is  
23 filled after June 30th, this position is eligible for half of the  
24 credit.

25       (d) Credit may be accrued and carried over until it is used. No  
26 refunds may be granted for credits under this section.

27       (3) For the purposes of this section:

28       (a) "Eligible area" means: (i) A community empowerment zone under  
29 RCW ((~~43.63A.700~~)) 43.31C.020; or (ii) a contiguous group of census  
30 tracts that meets the unemployment and poverty criteria of RCW  
31 ((~~43.63A.710~~)) 43.31C.030 and is designated under subsection (4) of  
32 this section;

33       (b) "Eligible person" means a person, as defined in RCW 82.04.030,  
34 who in an eligible area at a specific location is engaged in the  
35 business of providing international insurance services;

36       (c) "International insurance services" means a business that  
37 provides insurance services related directly to the delivery of the

1 service outside the United States or on behalf of persons residing  
2 outside the United States; and

3 (d) "Qualified employment position" means a permanent full-time  
4 position to provide international insurance services. If an employee  
5 is either voluntarily or involuntarily separated from employment, the  
6 employment position is considered filled on a full-time basis if the  
7 employer is either training or actively recruiting a replacement  
8 employee.

9 (4) By ordinance, the legislative authority of a city with  
10 population greater than eighty thousand, located in a county containing  
11 no community empowerment zones as designated under RCW ((~~43.63A.700~~)  
12 43.31C.020), may designate a contiguous group of census tracts within  
13 the city as an eligible area under this section. Each of the census  
14 tracts must meet the unemployment and poverty criteria of RCW  
15 ((~~43.63A.710~~) 43.31C.030). Upon making the designation, the city shall  
16 transmit to the department of revenue a certification letter and a map,  
17 each explicitly describing the boundaries of the census tract. This  
18 designation must be made by December 31, 1998.

19 (5) No application is necessary for the tax credit. The person  
20 must keep records necessary for the department to verify eligibility  
21 under this section. This information includes:

- 22 (a) Employment records for the previous six years;
- 23 (b) Information relating to description of international insurance  
24 services activity engaged in at the eligible location by the person;  
25 and
- 26 (c) Information relating to customers of international insurance  
27 services activity engaged in at that location by the person.

28 (6) If at any time the department finds that a person is not  
29 eligible for tax credit under this section, the amount of taxes for  
30 which a credit has been used shall be immediately due. The department  
31 shall assess interest, but not penalties, on the credited taxes for  
32 which the person is not eligible. The interest shall be assessed at  
33 the rate provided for delinquent excise taxes under chapter 82.32 RCW,  
34 shall be assessed retroactively to the date the tax credit was taken,  
35 and shall accrue until the taxes for which a credit has been used are  
36 repaid.

37 (7) The employment security department shall provide to the

1 department of revenue such information needed by the department of  
2 revenue to verify eligibility under this section.

3 **Sec. 4.** RCW 48.18.103 and 1997 c 428 s 1 are each amended to read  
4 as follows:

5 (1) It is the intent of the legislature to assist the purchasers of  
6 commercial property casualty insurance by allowing policies to be  
7 issued more expeditiously and provide a more competitive market for  
8 forms.

9 (2) Commercial property casualty policies may be issued prior to  
10 filing the forms. All commercial property casualty forms shall be  
11 filed with the commissioner within thirty days after an insurer issues  
12 any policy using them.

13 (3) If, within thirty days after a commercial property casualty  
14 form has been filed, the commissioner finds that the form does not meet  
15 the requirements of this chapter, the commissioner shall disapprove the  
16 form and give notice to the insurer or rating organization that made  
17 the filing, specifying how the form fails to meet the requirements and  
18 stating when, within a reasonable period thereafter, the form shall be  
19 deemed no longer effective. The commissioner may extend the time for  
20 review another fifteen days by giving notice to the insurer prior to  
21 the expiration of the original thirty-day period.

22 (4) Upon a final determination of a disapproval of a policy form  
23 under subsection (3) of this section, the insurer shall amend any  
24 previously issued disapproved form by endorsement to comply with the  
25 commissioner's disapproval.

26 (5) For purposes of this section, "commercial property casualty"  
27 means insurance pertaining to a business, profession, ~~((or))~~  
28 occupation, nonprofit organization, or public entity for the lines of  
29 property and casualty insurance defined in RCW 48.11.040, 48.11.050,  
30 48.11.060, or 48.11.070.

31 (6) Except as provided in subsection (4) of this section, the  
32 disapproval shall not affect any contract made or issued prior to the  
33 expiration of the period set forth in the notice of disapproval.

34 (7) In the event a hearing is held on the actions of the  
35 commissioner under subsection (3) of this section, the burden of proof  
36 shall be on the commissioner.

1       **Sec. 5.** RCW 48.18.291 and 1985 c 264 s 18 are each amended to read  
2 as follows:

3       (1) (~~No~~) A contract of insurance predicated wholly or in part  
4 upon the use of a private passenger automobile (~~shall~~) may not be  
5 terminated by cancellation by the insurer until at least twenty days  
6 after mailing written notice of cancellation to the named insured at  
7 the latest address filed with the insurer by or on behalf of the named  
8 insured, accompanied by the reason therefor(~~(:—PROVIDED, That where))~~.  
9 If cancellation is for nonpayment of premium, or is within the first  
10 thirty days after the contract has been in effect, at least ten days  
11 notice of cancellation, accompanied by the reason therefor, shall be  
12 given(~~(:—PROVIDED HOWEVER, That))~~). In case of a contract evidenced by  
13 a written binder which has been delivered to the insured, if (~~such~~)  
14 the binder contains a clearly stated expiration date, no additional  
15 notice of cancellation or nonrenewal (~~shall be~~) is required.

16       (2)(a) (~~No~~) A notice of cancellation by the insurer as to a  
17 contract of insurance to which subsection (1) of this section applies  
18 (~~shall be~~) is not valid if sent more than sixty days after the  
19 contract has been in effect unless:

20       (i) The named insured fails to discharge when due any of his or her  
21 obligations in connection with the payment of premium for the policy or  
22 any installment thereof, whether payable directly to the insurer or to  
23 its agent or indirectly under any premium finance plan or extension of  
24 credit(~~(-))~~; or

25       (ii) The driver's license of the named insured, or of any other  
26 operator who customarily operates an automobile insured under the  
27 policy, has been (~~(under suspension or revocation))~~ suspended, revoked,  
28 or cancelled during the policy period or, if the policy is a renewal,  
29 during its policy period or the one hundred eighty days immediately  
30 preceding the effective date of the renewal policy.

31       (b) Modification by the insurer of automobile physical damage  
32 coverage by the inclusion of a deductible not exceeding one hundred  
33 dollars (~~shall not be deemed~~) is not a cancellation of the coverage  
34 or of the policy.

35       (3) The substance of subsections (1) and (2)(a) of this section  
36 must be set forth in each contract of insurance subject to the  
37 provisions of subsection (1) (~~above~~) of this section, and may be in  
38 the form of an attached endorsement.



1 (4) ~~((No))~~ A notice of cancellation of a policy ~~((which can))~~ that  
2 may be canceled only pursuant to subsection (2) ~~((shall be))~~ of this  
3 section is not effective unless the reason therefor accompanies or is  
4 included in the notice of cancellation.

5 **Sec. 6.** RCW 48.18A.050 and 1983 c 3 s 150 are each amended to read  
6 as follows:

7 The provisions of RCW 48.23.020, 48.23.030, 48.23.080 through  
8 48.23.120, 48.23.140, 48.23.150, 48.23.200 through 48.23.240,  
9 48.23.310, ~~((48.23.350,))~~ and 48.23.360, and the provisions of chapters  
10 48.24 and 48.76 RCW ~~((shall be))~~ are inapplicable to variable  
11 contracts~~((; nor shall))~~. Any provision in the code requiring  
12 contracts to be participating ~~((be deemed))~~ is not applicable to  
13 variable contracts. Except as otherwise provided in this chapter, all  
14 pertinent provisions of the insurance code ~~((shall))~~ apply to separate  
15 accounts and contracts relating thereto. Any individual variable life  
16 insurance or individual variable annuity contract delivered or issued  
17 for delivery in this state ~~((shall))~~ must contain grace, reinstatement,  
18 and nonforfeiture provisions appropriate to ~~((such))~~ those contracts,  
19 and any ~~((such))~~ variable life insurance contract ~~((shall))~~ must  
20 provide that the investment experience of the separate account ~~((shall~~  
21 ~~in no event))~~ may not operate to reduce the death benefit below an  
22 amount equal to the face amount of the contract at the time the  
23 contract was issued. Any individual variable life insurance contract  
24 may contain a provision for deduction from the death proceeds of  
25 amounts of due and unpaid premiums or of indebtedness which are  
26 appropriate to ~~((such))~~ that contract~~((s))~~. The reserve liability for  
27 variable annuities ~~((shall))~~ must be established in accordance with  
28 actuarial procedures that recognize the variable nature of the benefits  
29 provided and any mortality guarantees.

30 **Sec. 7.** RCW 48.19.043 and 1997 c 428 s 2 are each amended to read  
31 as follows:

32 (1) It is the intent of the legislature to assist the purchasers of  
33 commercial property casualty insurance by allowing policies to be  
34 issued more expeditiously and provide a more competitive market for  
35 rates.

1 (2) Notwithstanding the provisions of RCW 48.19.040(1), commercial  
2 property casualty policies may be issued prior to filing the rates.  
3 All commercial property casualty rates shall be filed with the  
4 commissioner within thirty days after an insurer issues any policy  
5 using them.

6 (3) If, within thirty days after a commercial property casualty  
7 rate has been filed, the commissioner finds that the rate does not meet  
8 the requirements of this chapter, the commissioner shall disapprove the  
9 filing and give notice to the insurer or rating organization that made  
10 the filing, specifying how the filing fails to meet the requirements  
11 and stating when, within a reasonable period thereafter, the filing  
12 shall be deemed no longer effective. The commissioner may extend the  
13 time for review another fifteen days by giving notice to the insurer  
14 prior to the expiration of the original thirty-day period.

15 (4) Upon a final determination of a disapproval of a rate filing  
16 under subsection (3) of this section, the insurer shall issue an  
17 endorsement changing the rate to comply with the commissioner's  
18 disapproval from the date the rate is no longer effective.

19 (5) For purposes of this section, "commercial property casualty"  
20 means insurance pertaining to a business, profession, ~~((or))~~  
21 occupation, nonprofit organization, or public entity for the lines of  
22 property and casualty insurance defined in RCW 48.11.040, 48.11.050,  
23 48.11.060, or 48.11.070.

24 (6) Except as provided in subsection (4) of this section, the  
25 disapproval shall not affect any contract made or issued prior to the  
26 expiration of the period set forth in the notice of disapproval.

27 (7) In the event a hearing is held on the actions of the  
28 commissioner under subsection (3) of this section, the burden of proof  
29 ~~((shall be))~~ is on the commissioner.

30 **Sec. 8.** RCW 48.20.025 and 2001 c 196 s 1 are each amended to read  
31 as follows:

32 (1) The definitions in this subsection apply throughout this  
33 section unless the context clearly requires otherwise.

34 (a) "Claims" means the cost to the insurer of health care services,  
35 as defined in RCW 48.43.005, provided to a policyholder or paid to or  
36 on behalf of the policyholder in accordance with the terms of a health

1 benefit plan, as defined in RCW 48.43.005. This includes capitation  
2 payments or other similar payments made to providers for the purpose of  
3 paying for health care services for a policyholder.

4 (b) "Claims reserves" means: (i) The liability for claims which  
5 have been reported but not paid; (ii) the liability for claims which  
6 have not been reported but which may reasonably be expected; (iii)  
7 active life reserves; and (iv) additional claims reserves whether for  
8 a specific liability purpose or not.

9 (c) "Earned premiums" means premiums, as defined in RCW 48.43.005,  
10 plus any rate credits or recoupments less any refunds, for the  
11 applicable period, whether received before, during, or after the  
12 applicable period.

13 (d) "Incurred claims expense" means claims paid during the  
14 applicable period plus any increase, or less any decrease, in the  
15 claims reserves.

16 (e) "Loss ratio" means incurred claims expense as a percentage of  
17 earned premiums.

18 (f) "Reserves" means: (i) Active life reserves; and (ii)  
19 additional reserves whether for a specific liability purpose or not.

20 (2) An insurer shall file, for informational purposes only, a  
21 notice of its schedule of rates for its individual health benefit plans  
22 with the commissioner prior to use.

23 (3) An insurer shall file with the notice required under subsection  
24 (2) of this section supporting documentation of its method of  
25 determining the rates charged. The commissioner may request only the  
26 following supporting documentation:

27 (a) A description of the insurer's rate-making methodology;

28 (b) An actuarially determined estimate of incurred claims which  
29 includes the experience data, assumptions, and justifications of the  
30 insurer's projection;

31 (c) The percentage of premium attributable in aggregate for  
32 nonclaims expenses used to determine the adjusted community rates  
33 charged; and

34 (d) A certification by a member of the American academy of  
35 actuaries, or other person approved by the commissioner, that the  
36 adjusted community rate charged can be reasonably expected to result in  
37 a loss ratio that meets or exceeds the loss ratio standard established  
38 in subsection (7) of this section.

1 (4) The commissioner may not disapprove or otherwise impede the  
2 implementation of the filed rates.

3 (5) By the last day of May each year any insurer issuing or  
4 renewing individual health benefit plans in this state during the  
5 preceding calendar year shall file for review by the commissioner  
6 supporting documentation of its actual loss ratio for its individual  
7 health benefit plans offered or renewed in the state in aggregate for  
8 the preceding calendar year. The filing shall include aggregate earned  
9 premiums, aggregate incurred claims, and a certification by a member of  
10 the American academy of actuaries, or other person approved by the  
11 commissioner, that the actual loss ratio has been calculated in  
12 accordance with accepted actuarial principles.

13 (a) At the expiration of a thirty-day period beginning with the  
14 date the filing is received by the commissioner, the filing shall be  
15 deemed approved unless prior thereto the commissioner contests the  
16 calculation of the actual loss ratio.

17 (b) If the commissioner contests the calculation of the actual loss  
18 ratio, the commissioner shall state in writing the grounds for  
19 contesting the calculation to the insurer.

20 (c) Any dispute regarding the calculation of the actual loss ratio  
21 shall, upon written demand of either the commissioner or the insurer,  
22 be submitted to hearing under chapters 48.04 and 34.05 RCW.

23 (6) If the actual loss ratio for the preceding calendar year is  
24 less than the loss ratio established in subsection (7) of this section,  
25 a remittance is due and the following shall apply:

26 (a) The insurer shall calculate a percentage of premium to be  
27 remitted to the Washington state health insurance pool by subtracting  
28 the actual loss ratio for the preceding year from the loss ratio  
29 established in subsection (7) of this section.

30 (b) The remittance to the Washington state health insurance pool is  
31 the percentage calculated in (a) of this subsection, multiplied by the  
32 premium earned from each enrollee in the previous calendar year.  
33 Interest shall be added to the remittance due at a five percent annual  
34 rate calculated from the end of the calendar year for which the  
35 remittance is due to the date the remittance is made.

36 (c) All remittances shall be aggregated and such amounts shall be  
37 remitted to the Washington state high risk pool to be used as directed  
38 by the pool board of directors.

1 (d) Any remittance required to be issued under this section shall  
2 be issued within thirty days after the actual loss ratio is deemed  
3 approved under subsection (5)(a) of this section or the determination  
4 by an administrative law judge under subsection (5)(c) of this section.

5 (7) The loss ratio applicable to this section shall be seventy-four  
6 percent minus the premium tax rate applicable to the insurer's  
7 individual health benefit plans under RCW (~~(48.14.0201)~~) 48.14.020.

8 **Sec. 9.** RCW 48.21.180 and 1990 1st ex.s. c 3 s 7 are each amended  
9 to read as follows:

10 Each group disability insurance contract which is delivered or  
11 issued for delivery or renewed, on or after January 1, 1988, and which  
12 insures for hospital or medical care (~~(shall)~~) must contain provisions  
13 providing benefits for the treatment of chemical dependency rendered to  
14 the insured by a provider which is an "approved treatment (~~(facility~~  
15 ~~or~~) program" under RCW 70.96A.020(3).

16 **Sec. 10.** RCW 48.22.110 and 1994 c 186 s 1 are each amended to read  
17 as follows:

18 Unless the context clearly requires otherwise, the definitions in  
19 this section apply throughout this section and RCW 48.22.115 through  
20 48.22.135.

21 (1) "Borrower" means a person who receives a loan or enters into a  
22 retail installment contract under chapter 63.14 RCW to purchase a motor  
23 vehicle or vessel in which the secured party holds an interest.

24 (2) "Motor vehicle" means a motor vehicle in this state subject to  
25 registration under chapter 46.16 RCW, except motor vehicles governed by  
26 RCW 46.16.020 or registered with the Washington utilities and  
27 transportation commission as common or contract carriers.

28 (3) "Secured party" means a person, corporation, association,  
29 partnership, or venture that possesses a bona fide security interest in  
30 a motor vehicle or vessel.

31 (4) "Vendor single-interest" or "collateral protection coverage"  
32 means insurance coverage insuring primarily or solely the interest of  
33 a secured party but which may include the interest of the borrower in  
34 a motor vehicle or vessel serving as collateral and obtained by the  
35 secured party or its agent after the borrower has failed to obtain or  
36 maintain insurance coverage required by the financing agreement for the

1 motor vehicle or vessel. Vendor single-interest or collateral  
2 protection coverage does not include insurance coverage purchased by a  
3 secured party for which the borrower is not charged.

4 (5) "Vessel" means a vessel as defined in RCW 88.02.010 and  
5 includes personal watercraft as defined in RCW ~~((88.12.010))~~  
6 79A.60.010.

7 **Sec. 11.** RCW 48.31.111 and 1993 c 462 s 59 are each amended to  
8 read as follows:

9 (1) ~~((Except as provided in RCW 48.32A.060, no))~~ A delinquency  
10 proceeding may not be commenced under this chapter by anyone other than  
11 the commissioner of this state, and no court has jurisdiction to  
12 entertain a proceeding commenced by another person.

13 (2) No court of this state has jurisdiction to entertain a  
14 complaint praying for the dissolution, liquidation, rehabilitation,  
15 sequestration, conservation, or receivership of an insurer, or praying  
16 for an injunction or restraining order or other relief preliminary to,  
17 incidental to, or relating to the proceedings, other than in accordance  
18 with this chapter.

19 (3) In addition to other grounds for jurisdiction provided by the  
20 law of this state, a court of this state having jurisdiction of the  
21 subject matter has jurisdiction over a person served under the rules of  
22 civil procedure or other applicable provisions of law in an action  
23 brought by the receiver of a domestic insurer or an alien insurer  
24 domiciled in this state:

25 (a) If the person served is an agent, broker, or other person who  
26 has written policies of insurance for or has acted in any manner on  
27 behalf of an insurer against which a delinquency proceeding has been  
28 instituted, in an action resulting from or incident to such a  
29 relationship with the insurer; ~~((or))~~

30 (b) If the person served is a reinsurer who has entered into a  
31 contract of reinsurance with an insurer against which a delinquency  
32 proceeding has been instituted, or is an agent or broker of or for the  
33 reinsurer, in an action on or incident to the reinsurance contract;  
34 ~~((or))~~

35 (c) If the person served is or has been an officer, director,  
36 manager, trustee, organizer, promoter, or other person in a position of

1 comparable authority or influence over an insurer against which a  
2 delinquency proceeding has been instituted, in an action resulting from  
3 or incident to such a relationship with the insurer; (~~(or)~~)

4 (d) If the person served is or was at the time of the institution  
5 of the delinquency proceeding against the insurer holding assets in  
6 which the receiver claims an interest on behalf of the insurer, in an  
7 action concerning the assets; or

8 (e) If the person served is obligated to the insurer in any way, in  
9 an action on or incident to the obligation.

10 (4) If the court on motion of a party finds that an action should  
11 as a matter of substantial justice be tried in a forum outside this  
12 state, the court may enter an appropriate order to stay further  
13 proceedings on the action in this state.

14 **Sec. 12.** RCW 48.31.184 and 1993 c 462 s 74 are each amended to  
15 read as follows:

16 If an ancillary receiver in another state or foreign country,  
17 whether called by that name or not, fails to transfer to the  
18 domiciliary liquidator in this state assets within his or her control  
19 other than special deposits, diminished only by the expenses of the  
20 ancillary receivership, if any, then the claims filed in the ancillary  
21 receivership, other than special deposit claims or secured claims,  
22 shall be placed in the class of claims under RCW 48.31.280(~~(+7)~~) (8).

23 **Sec. 13.** RCW 48.31.185 and 1975-'76 2nd ex.s. c 109 s 10 are each  
24 amended to read as follows:

25 (1) Within one hundred twenty days of a final determination of  
26 insolvency of an insurer and order of liquidation by a court of  
27 competent jurisdiction of this state, the receiver shall make  
28 application to the court for approval of a proposal to disperse assets  
29 out of (~~(such)~~) that insurer's marshalled assets from time to time as  
30 (~~(such)~~) assets become available to the Washington insurance guaranty  
31 association and the Washington life and disability insurance guaranty  
32 association and to any entity or person performing a similar function  
33 in another state. (~~(+)~~) For purposes of this section, "associations"  
34 means the Washington insurance guaranty association and the Washington  
35 life and disability insurance guaranty association and any entity or

1 person performing a similar function in other states (~~shall in this~~  
2 ~~section be referred to collectively as the "associations".~~)).

3 (2) Such a proposal (~~shall~~) must at least include provisions for:

4 (a) Reserving amounts for the payment of claims falling within the  
5 priorities established in RCW 48.31.280 (~~(2)(a), (b), and (c) as now~~  
6 ~~or hereafter amended~~));

7 (b) Disbursement of the assets marshalled to date and subsequent  
8 disbursements of assets as they become available;

9 (c) Equitable allocation of disbursements to each of the  
10 associations entitled thereto;

11 (d) The securing by the receiver from each of the associations  
12 entitled to disbursements pursuant to this section an agreement to  
13 return to the receiver (~~such~~) assets previously disbursed (~~as may~~  
14 ~~be~~) that are required to pay claims of secured creditors and claims  
15 falling within the priorities established in RCW 48.31.280 (~~as now or~~  
16 ~~hereafter amended in accordance with such priorities~~). (~~No~~) A bond  
17 (~~shall be~~) is not required of any (~~such~~) association; and

18 (e) A full report (~~to be made~~) by the association to the receiver  
19 accounting for all assets so disbursed to the association, all  
20 disbursements made therefrom, any interest earned by the association on  
21 (~~such~~) those assets, and any other matters as the court may direct.

22 (3) The receiver's proposal (~~shall~~) must provide for  
23 disbursements to the associations in amounts estimated at least equal  
24 to the claim payments made or to be made thereby for which such  
25 associations could assert a claim against the receiver, and (~~shall~~)  
26 must further provide that if the assets available for disbursement from  
27 time to time do not equal or exceed the amount of (~~such~~) the claim  
28 payments made or to be made by the associations then disbursements  
29 (~~shall~~) must be in the amount of available assets.

30 (4) The receiver's proposal shall, with respect to an insolvent  
31 insurer writing life insurance, disability insurance, or annuities,  
32 provide for disbursements of assets to the Washington life and  
33 disability insurance guaranty association or to any other entity or  
34 organization reinsuring, assuming, or guaranteeing policies or  
35 contracts of insurance under the provisions of the Washington life and  
36 disability insurance guaranty association act.

37 (5) Notice of (~~such~~) an application (~~shall~~) must be given to  
38 the associations in and to the commissioners of insurance of each of



1 the states. (~~Any such~~) Notice (~~shall be deemed to have been given~~)  
2 is effected when deposited in the United States certified mails, first  
3 class postage prepaid, at least thirty days prior to submission of  
4 (~~such~~) the application to the court.

5 **Sec. 14.** RCW 48.43.115 and 1996 c 281 s 1 are each amended to read  
6 as follows:

7 (1) The legislature recognizes the role of health care providers as  
8 the appropriate authority to determine and establish the delivery of  
9 quality health care services to maternity patients and their newly born  
10 children. It is the intent of the legislature to recognize patient  
11 preference and the clinical sovereignty of providers as they make  
12 determinations regarding services provided and the length of time  
13 individual patients may need to remain in a health care facility after  
14 giving birth. It is not the intent of the legislature to diminish a  
15 carrier's ability to utilize managed care strategies but to ensure the  
16 clinical judgment of the provider is not undermined by restrictive  
17 carrier contracts or utilization review criteria that fail to recognize  
18 individual postpartum needs.

19 (2) Unless otherwise specifically provided, the following  
20 definitions apply throughout this section:

21 (a) "Attending provider" means a provider who: Has clinical  
22 hospital privileges consistent with RCW 70.43.020; is included in a  
23 provider network of the carrier that is providing coverage; and is a  
24 physician licensed under chapter 18.57 or 18.71 RCW, a certified nurse  
25 midwife licensed under chapter 18.79 RCW, a midwife licensed under  
26 chapter 18.50 RCW, a physician's assistant licensed under chapter  
27 18.57A or 18.71A RCW, or an advanced registered nurse practitioner  
28 licensed under chapter 18.79 RCW.

29 (b) "Health carrier" or "carrier" means disability insurers  
30 regulated under chapter 48.20 or 48.21 RCW, health care services  
31 contractors regulated under chapter 48.44 RCW, health maintenance  
32 organizations regulated under chapter 48.46 RCW, plans operating under  
33 the health care authority under chapter 41.05 RCW, the state health  
34 insurance pool operating under chapter 48.41 RCW, and insuring entities  
35 regulated under this chapter.

36 (3)(a) Every health carrier that provides coverage for maternity  
37 services must permit the attending provider, in consultation with the

1 mother, to make decisions on the length of inpatient stay, rather than  
2 making such decisions through contracts or agreements between  
3 providers, hospitals, and insurers. These decisions must be based on  
4 accepted medical practice.

5 (b) Covered eligible services may not be denied for inpatient,  
6 postdelivery care to a mother and her newly born child after a vaginal  
7 delivery or a cesarean section delivery for such care as ordered by the  
8 attending provider in consultation with the mother.

9 (c) At the time of discharge, determination of the type and  
10 location of follow-up care(~~(, including in-person care,)~~) must be made  
11 by the attending provider in consultation with the mother rather than  
12 by contract or agreement between the hospital and the insurer. These  
13 decisions must be based on accepted medical practice.

14 (d) Covered eligible services may not be denied for follow-up care,  
15 including in-person care, as ordered by the attending provider in  
16 consultation with the mother. Coverage for providers of follow-up  
17 services must include, but need not be limited to, attending providers  
18 as defined in this section, home health agencies licensed under chapter  
19 70.127 RCW, and registered nurses licensed under chapter 18.79 RCW.

20 (e) (~~Nothing in~~) This section (~~(shall be construed to)~~) does not  
21 require attending providers to authorize care they believe to be  
22 medically unnecessary.

23 (f) Coverage for the newly born child must be no less than the  
24 coverage of the child's mother for no less than three weeks, even if  
25 there are separate hospital admissions.

26 (4) (~~No~~) A carrier that provides coverage for maternity services  
27 may not deselect, terminate the services of, require additional  
28 documentation from, require additional utilization review of, reduce  
29 payments to, or otherwise provide financial disincentives to any  
30 attending provider or health care facility solely as a result of the  
31 attending provider or health care facility ordering care consistent  
32 with (~~(the provisions of)~~) this section. (~~Nothing in~~) This section  
33 (~~(shall be construed to)~~) does not prevent any insurer from reimbursing  
34 an attending provider or health care facility on a capitated, case  
35 rate, or other financial incentive basis.

36 (5) Every carrier that provides coverage for maternity services  
37 must provide notice to policyholders regarding the coverage required  
38 under this section. The notice must be in writing and must be

1 transmitted at the earliest of the next mailing to the policyholder,  
2 the yearly summary of benefits sent to the policyholder, or January 1  
3 of the year following June 6, 1996.

4 (6) This section (~~((is not intended to))~~) does not establish a  
5 standard of medical care.

6 (7) This section (~~((shall apply))~~) applies to coverage for maternity  
7 services under a contract issued or renewed by a health carrier after  
8 June 6, 1996, and (~~((shall apply))~~) applies to plans operating under the  
9 health care authority under chapter 41.05 RCW beginning January 1,  
10 1998.

11 **Sec. 15.** RCW 48.44.024 and 1995 c 265 s 23 are each amended to  
12 read as follows:

13 (1) (~~((No))~~) A health care service contractor (~~((shall))~~) may not offer  
14 any health benefit plan to any small employer without complying with  
15 (~~((the provisions of))~~) RCW 48.44.023(~~((+5))~~) (3).

16 (2) Employers purchasing health plans provided through associations  
17 or through member-governed groups formed specifically for the purpose  
18 of purchasing health care (~~((shall not be considered))~~) are not small  
19 employers and (~~((such plans shall not be subject to the provisions of~~  
20 ~~RCW 48.44.023(5))~~) the plans are not subject to RCW 48.44.023(3).

21 (3) For purposes of this section, "health benefit plan," "health  
22 plan," and "small employer" mean the same as defined in RCW 48.43.005.

23 **Sec. 16.** RCW 48.46.068 and 1995 c 265 s 24 are each amended to  
24 read as follows:

25 (1) (~~((No))~~) A health maintenance organization (~~((shall))~~) may not  
26 offer any health benefit plan to any small employer without complying  
27 with (~~((the provisions of))~~) RCW 48.46.066(~~((+5))~~) (3).

28 (2) Employers purchasing health plans provided through associations  
29 or through member-governed groups formed specifically for the purpose  
30 of purchasing health care (~~((shall not be considered))~~) are not small  
31 employers and (~~((such plans shall not be subject to the provisions of~~  
32 ~~RCW 48.46.066(5))~~) are not subject to RCW 48.46.066(3).

33 (3) For purposes of this section, "health benefit plan," "health  
34 plan," and "small employer" mean the same as defined in RCW 48.43.005.

1       **Sec. 17.** RCW 48.46.170 and 1996 c 178 s 13 are each amended to  
2 read as follows:

3       (1) Solicitation of enrolled participants by a health maintenance  
4 organization granted a certificate of registration, or its agents or  
5 representatives, (~~((shall not be construed to))~~) does not violate any  
6 provision of law relating to solicitation or advertising by health  
7 professionals.

8       (2) Any health maintenance organization authorized under this  
9 chapter (~~((shall not be deemed to be))~~) is not violating any law  
10 prohibiting the practice by unlicensed persons of podiatric medicine  
11 and surgery, chiropractic, dental hygiene, opticianry, dentistry,  
12 optometry, osteopathic medicine and surgery, pharmacy, medicine and  
13 surgery, physical therapy, nursing, or psychology(~~(: PROVIDED, That)~~).  
14 This subsection (~~((shall not be construed to))~~) does not expand a health  
15 professional's scope of practice or (~~((to))~~) allow employees of a health  
16 maintenance organization to practice as a health professional unless  
17 licensed.

18       (3) (~~((Nothing contained in))~~) This chapter (~~((shall))~~) does not alter  
19 any statutory obligation, or rule adopted thereunder, in chapter 70.38  
20 (~~((or 70.39))~~) RCW.

21       (4) Any health maintenance organization receiving a certificate of  
22 registration pursuant to this chapter (~~((shall be))~~) is exempt from (~~((the~~  
23 ~~provisions of))~~) chapter 48.05 RCW(~~((, but shall be subject to chapter~~  
24 ~~70.39 RCW))~~).

25       **Sec. 18.** RCW 48.46.225 and 1990 c 119 s 4 are each amended to read  
26 as follows:

27       (1) Any rehabilitation, liquidation, or conservation of a health  
28 maintenance organization (~~((shall be deemed to be))~~) is the same as the  
29 rehabilitation, liquidation, or conservation of an insurance company  
30 and (~~((shall))~~) must be conducted under the supervision of the  
31 commissioner pursuant to the law governing the rehabilitation,  
32 liquidation, or conservation of insurance companies. The commissioner  
33 may apply for an order directing the commissioner to rehabilitate,  
34 liquidate, or conserve a health maintenance organization upon any one  
35 or more grounds set out in RCW 48.31.030, 48.31.050, and 48.31.080.  
36 Enrolled participants (~~((shall))~~) have the same priority in the event of

1 liquidation or rehabilitation as the law provides to policyholders of  
2 an insurer.

3 (2) For purposes of determining the priority of distribution of  
4 general assets, claims of enrolled participants and enrolled  
5 participants' beneficiaries (~~shall~~) have the same priority as  
6 established by RCW 48.31.280 for policyholders and beneficiaries of  
7 insureds of insurance companies. If an enrolled participant is liable  
8 to any provider for services provided pursuant to and covered by the  
9 health maintenance agreement, that liability (~~shall have~~) has  
10 status of an enrolled participant claim for distribution of general  
11 assets.

12 (3) A provider who is obligated by statute or agreement to hold  
13 enrolled participants harmless from liability for services provided  
14 pursuant to and covered by a health care plan (~~shall have~~) has  
15 priority of distribution of the general assets immediately following  
16 that of enrolled participants and enrolled participants' beneficiaries  
17 (~~as described herein, and immediately proceeding the priority of~~  
18 ~~distribution described in RCW 48.31.280(2)(e))~~) under this section.

19 **Sec. 19.** RCW 48.46.350 and 1990 1st ex.s. c 3 s 14 are each  
20 amended to read as follows:

21 Each group agreement for health care services that is delivered or  
22 issued for delivery or renewed on or after January 1, 1988, (~~shall~~)  
23 must contain provisions providing benefits for the treatment of  
24 chemical dependency rendered to covered persons by a provider which is  
25 an "approved treatment (~~facility or~~) program" under RCW  
26 70.96A.020(3)(~~PROVIDED, That~~). However, this section does not  
27 apply to any agreement written as supplemental coverage to any federal  
28 or state programs of health care including, but not limited to, Title  
29 XVIII health insurance for the aged (~~(+)~~), which is commonly referred  
30 to as Medicare, Parts A&B(~~(+)~~), and amendments thereto. Treatment  
31 (~~shall~~) must be covered under the chemical dependency coverage if  
32 treatment is rendered by the health maintenance organization or if the  
33 health maintenance organization refers the enrolled participant or the  
34 enrolled participant's dependents to a physician licensed under chapter  
35 18.57 or 18.71 RCW, or to a qualified counselor employed by an approved  
36 treatment (~~facility or~~) program described in RCW 70.96A.020(3). In  
37 all cases, a health maintenance organization (~~shall~~) retains the

1 right to diagnose the presence of chemical dependency and select the  
2 modality of treatment that best serves the interest of the health  
3 maintenance organization's enrolled participant, or the enrolled  
4 participant's covered dependent.

5 **Sec. 20.** RCW 48.62.111 and 1991 sp.s. c 30 s 11 are each amended  
6 to read as follows:

7 (1) The assets of a joint self-insurance program governed by this  
8 chapter may be invested only in accordance with the general investment  
9 authority that participating local government entities possess as a  
10 governmental entity.

11 (2) Except as provided in subsection (3) of this section, a joint  
12 self-insurance program may invest all or a portion of its assets by  
13 depositing the assets with the treasurer of a county within whose  
14 territorial limits any of its member local government entities lie, to  
15 be invested by the treasurer for the joint program.

16 (3) Local government members of a joint self-insurance program may  
17 by resolution of the program designate some other person having  
18 experience in financial or fiscal matters as treasurer of the program,  
19 if that designated treasurer is located in Washington state. The  
20 program shall, unless the program's treasurer is a county treasurer,  
21 require a bond obtained from a surety company authorized to do business  
22 in Washington in an amount and under the terms and conditions that the  
23 program finds will protect against loss arising from mismanagement or  
24 malfeasance in investing and managing program funds. The program may  
25 pay the premium on the bond.

26 All program funds must be paid to the treasurer and shall be  
27 disbursed by the treasurer only on warrants issued by the treasurer or  
28 a person appointed by the program and upon orders or vouchers approved  
29 by the program or as authorized under chapters 35A.40 and 42.24 RCW.  
30 The treasurer shall establish a program account, into which shall be  
31 recorded all program funds, and the treasurer shall maintain ((such))  
32 special accounts as may be created by the program into which the  
33 treasurer shall record all money as the program may direct by  
34 resolution.

35 (4) The treasurer of the joint program shall deposit all program  
36 funds in a ((qualified)) public depository or depositories as defined  
37 in RCW 39.58.010(2) and under the same restrictions, contracts, and

1 security as provided for any participating local government entity, and  
2 ((such)) the depository shall be designated by resolution of the  
3 program.

4 (5) A joint self-insurance program may invest all or a portion of  
5 its assets by depositing the assets with the state investment board, to  
6 be invested by the state investment board in accordance with chapter  
7 43.33A RCW. The state investment board shall designate a manager for  
8 those funds to whom the program may direct requests for disbursement  
9 upon orders or vouchers approved by the program or as authorized under  
10 chapters 35A.40 and 42.24 RCW.

11 (6) All interest and earnings collected on joint program funds  
12 belong to the program and must be deposited to the program's credit in  
13 the proper program account.

14 (7) A joint program may require a reasonable bond from any person  
15 handling money or securities of the program and may pay the premium for  
16 the bond.

17 (8) Subsections (3) and (4) of this section do not apply to a  
18 multistate joint self-insurance program governed by RCW 48.62.081.

19 **Sec. 21.** RCW 48.90.010 and 1986 c 142 s 1 are each amended to read  
20 as follows:

21 (1) Day care providers are facing a major crisis in that adequate  
22 and affordable business liability insurance is no longer available  
23 within this state for persons who care for children. Many child day  
24 care centers have been forced to purchase inadequate coverage at  
25 prohibitive premium rates from unregulated foreign surplus line  
26 carriers over which the state has minimal control.

27 (2) There is a danger that a substantial number of child day care  
28 centers who cannot afford the escalating premiums will be unable or  
29 unwilling to remain in business without adequate coverage. As a result  
30 the number of available facilities will be drastically reduced forcing  
31 some parents to leave the work force to care for their children. A  
32 corresponding demand upon the state's resources will result in the form  
33 of public assistance to unemployed parents and day care providers.

34 (3) There is a further danger that a substantial number of child  
35 day care centers now licensed pursuant to state law, who currently  
36 provide specific safeguards for the health and safety of children but  
37 are unable to procure insurance, may choose to continue to operate

1 without state approval, avoiding regulation and payment of legitimate  
2 taxes, and forcing some parents to place their children in facilities  
3 of unknown quality and questionable levels of safety.

4 (4) Most child day care centers are small business enterprises with  
5 limited resources. The state's policies encourage the growth and  
6 development of small businesses.

7 (5)(a) This chapter is intended to remedy the problem of  
8 nonexistent or unaffordable liability coverage for child day care  
9 centers, and to encourage compliance with state laws protecting  
10 children while meeting the state's sound economic policies of  
11 encouraging small business development, sustaining an active work  
12 force, and discouraging policies that result in an increased drain on  
13 the state's resources through public assistance and other forms of  
14 public funding.

15 (b) This chapter will empower child day care centers to create  
16 self-insurance pools, to purchase insurance coverage, and to contract  
17 for risk management and administrative services through an association  
18 with demonstrated responsible fiscal management.

19 ((+6)) The intent of this legislation is to allow ((such)) these  
20 associations maximum flexibility to create and administer plans to  
21 provide coverage and risk management services to licensed child day  
22 care centers.

23 **Sec. 22.** RCW 48.90.020 and 1986 c 142 s 2 are each amended to read  
24 as follows:

25 The definitions in this section apply throughout this chapter.

26 (1) "Child day care center" means an agency that regularly provides  
27 care for one or more children for periods of less than twenty-four  
28 hours as defined in RCW 74.15.020((+3)(d)) (1)(a).

29 (2) "Association" means a corporation organized under Title 24 RCW,  
30 representative of one or more categories of child day care centers not  
31 formed for the sole purpose of establishing and operating a self-  
32 insurance program that:

33 (a) Maintains a roster of current names and addresses of member  
34 child day care centers and of former member child day care centers or  
35 their representatives, and of all employees of member or former member  
36 child day care centers;



1 (b) Has a membership of a size and stability to ensure that it will  
2 be able to provide consistent and responsible fiscal management; and

3 (c) Maintains a regular newsletter or other periodic communication  
4 to member child day care centers.

5 (3) "Subscriber" means a child day care center that:

6 (a) Subscribes to a plan created pursuant to this chapter;

7 (b) Complies with all state licensing requirements;

8 (c) Is a member in good standing of an association;

9 (d) Has consistently maintained its license free from revocation  
10 for cause, except where the revocation was not later rescinded or  
11 vacated by appellate or administrative decision; and

12 (e) Is prepared to demonstrate the willingness and ability to bear  
13 its share of the financial responsibility of its participation in the  
14 plan for each applicable contractual period.

15 **Sec. 23.** RCW 48.90.030 and 1986 c 142 s 3 are each amended to read  
16 as follows:

17 Associations meeting the criteria of RCW 48.90.020 are empowered to  
18 create and operate self-insurance plans to provide general liability  
19 coverage to member child day care centers who choose to subscribe to  
20 the plans.

21 **Sec. 24.** RCW 48.90.140 and 1986 c 142 s 14 are each amended to  
22 read as follows:

23 (1) If at any time the plan can no longer be operated on a sound  
24 financial basis, the association may elect to dissolve the plan,  
25 subject to explicit approval by the commissioner of a plan for  
26 dissolution. Once a plan operated by an association has been  
27 dissolved, that association may not again implement a plan pursuant to  
28 this chapter for five calendar years.

29 (2) At dissolution, the assets of the association represented by  
30 the contributing trust fund shall be deposited with the commissioner  
31 (~~(+fer)~~) for a period of twenty-one years, to be made available for  
32 claims arising during that period based upon occurrences during the  
33 term of coverage. At the time of transfer of the funds, the  
34 association shall certify to the commissioner a list of all current  
35 subscribers, with their correct mailing addresses, and shall have  
36 notified all current subscribers of their obligation to keep the

1 commissioner informed of any changes in their mailing addresses over  
2 the twenty-one year period, and that this obligation extends to their  
3 representatives, successors, assigns, and to the representatives of  
4 their estates. Upon dissolution, the association (~~shall be~~) is  
5 required to provide to the commissioner a list of all plan subscribers  
6 during all of the years of operation of the plan.

7 At the end of the twenty-one year period, any funds remaining in  
8 the trust account (~~shall~~) must be distributed to those subscribers  
9 who were current subscribers in the most recent year of operation of  
10 the plan, with each current subscriber receiving an equal share of the  
11 distribution, without regard for the length of time each child day care  
12 center was a subscriber.

13 In the alternative, in the discretion of the association, the  
14 balance of the contributing trust fund may be used to purchase similar  
15 or more liberal coverage from a commercial insurer. Each subscriber  
16 shall, however, be given the option to deposit its share of the fund  
17 with the commissioner as provided in this section if it elects not to  
18 participate in the proposed commercial insurance.

19 **Sec. 25.** RCW 48.99.040 and 1947 c 79 s .31.14 are each amended to  
20 read as follows:

21 (1) In a delinquency proceeding begun in this state against an  
22 insurer domiciled in this state, claimants residing in reciprocal  
23 states may file claims either with the ancillary receivers, if any, in  
24 their respective states, or with the domiciliary receiver. All  
25 (~~such~~) claims must be filed on or before the last date fixed for the  
26 filing of claims in the domiciliary delinquency proceedings.

27 (2) Controverted claims belonging to claimants residing in  
28 reciprocal states may either (a) be proved in this state as provided by  
29 law, or (b)(~~7~~) if ancillary proceedings have been commenced in  
30 (~~such~~) reciprocal states, (~~may~~) be proved in those proceedings. In  
31 the event a claimant elects to prove (~~his~~) a claim in ancillary  
32 proceedings, if notice of the claim and opportunity to appear and be  
33 heard is afforded the domiciliary receiver of this state as provided in  
34 RCW (~~48.31.150~~) 48.99.050 with respect to ancillary proceedings in  
35 this state, the final allowance of (~~such~~) a claim by the courts in  
36 the ancillary state (~~shall~~) must be accepted in this state as

1 conclusive as to its amount, and (~~shall~~) must also be accepted as  
2 conclusive as to its priority, if any, against special deposits or  
3 other security located within the ancillary state.

--- END ---