

SENATE BILL REPORT

HB 2419

As Reported by Senate Committee On:
Financial Institutions, Housing & Insurance, February 23, 2010

Title: An act relating to the exemption to the three-year active transacting requirement for foreign or alien insurer applicants.

Brief Description: Modifying the exemption to the three-year active transacting requirement for foreign or alien insurer applicants.

Sponsors: Representatives Bailey, Nelson and Kirby.

Brief History: Passed House: 1/28/10, 97-0.

Committee Activity: Financial Institutions, Housing & Insurance: 2/17/10, 2/23/10 [DP].

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, HOUSING & INSURANCE

Majority Report: Do pass.

Signed by Senators Berkey, Chair; Hobbs, Vice Chair; Franklin, McDermott and Parlette.

Staff: Diane Smith (786-7410)

Background: A foreign insurer is one formed under the laws of a state other than Washington State. An alien insurer is one formed under the laws of a nation other than the United States.

Foreign insurers must deposit assets with the commissioner for the protection of their policyholders. The amount and kind of assets are the same as are required of like domestic insurers transacting like kinds of insurance business.

No certificates of authority to transact business in this state may be issued to foreign or alien applicants that have not actively transacted business in this state for three years in the class of insurance for which the application is made.

Summary of Bill: The requirement that foreign or alien insurers must have transacted business in Washington for three years prior to their application for a certificate of authority is changed for certain applicants.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

The certificate of authority is to be granted by the commissioner. For applicants that have a surplus of not less than \$25 million and that have deposited \$1 million with the commissioner for the sole benefit of Washington policyholders, the three-year requirement does not apply.

If the foreign or alien insurer remains in good standing with the commissioner for three years after its certificate was issued, the deposit must be released.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: This bill allows for proper financial bonding and so forth so that needed insurance products can be offered in this state without having to wait three years. This bill has objective criteria for authorizing the insurance commissioner to exempt a company from the seasoning requirement. Mortgage insurance is needed in the market.

Persons Testifying: PRO: Representative Bailey, prime sponsor; Carrie Tellefson, Essent Guaranty.