

SENATE BILL REPORT

SB 5655

As Reported by Senate Committee On:
Financial Institutions & Insurance, February 14, 2017

Title: An act relating to the delivery of insurance notices and documents by electronic means.

Brief Description: Concerning the delivery of insurance notices and documents by electronic means.

Sponsors: Senators Angel and Mullet.

Brief History:

Committee Activity: Financial Institutions & Insurance: 2/09/17, 2/14/17 [DPS].

Brief Summary of Substitute Bill

- Authorizes use of an electronic signature as equivalent to a digital signature for insurance notices and documents delivered by electronic means.

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

Majority Report: That Substitute Senate Bill No. 5655 be substituted therefor, and the substitute bill do pass.

Signed by Senators Angel, Chair; Mullet, Ranking Minority Member; Fain, Fortunato, Hobbs and Kuderer.

Staff: Jeff Olsen (786-7428)

Background: Legislation enacted in 2015 authorizes the use of electronic delivery of insurance notices and documents if the party consents to electronic delivery. A notice or any other document required in an insurance transaction may be delivered, stored, or presented by electronic means so long as it meets the requirements of the Washington Electronic Authentication Act (Act). The Act, enacted in 1996, allows the use of digital signature technology in electronic transactions. For purposes of the Act, digital signature means an electronic signature that is a transformation of a message such that a person having the initial message and the signer's public key can accurately determine whether the transformation was created using the private key that corresponds to the signer's public key. In addition, a digital

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signature can determine whether the initial message has been altered since the transformation was made. Under the Act, an electronic signature means a signature in electronic form attached to or logically associated with an electronic record, including but not limited to a digital signature.

Summary of Bill (First Substitute): An electronic signature is the same as a digital signature as defined under the Act for purposes of delivery of insurance notices and documents by electronic means.

EFFECT OF CHANGES MADE BY FINANCIAL INSTITUTIONS & INSURANCE COMMITTEE (First Substitute):

- Restores the condition to meet the requirements of the Act and makes clarifying changes to allow the use of electronic signatures to deliver insurance notices and documents.

Appropriation: None.

Fiscal Note: Not requested.

Creates Committee/Commission/Task Force that includes Legislative members: No.

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

Staff Summary of Public Testimony on Original Bill: *The committee recommended a different version of the bill than what was heard.* PRO: This is a technical adjustment to allow electronic signatures when sending electronic insurance documents. Digital signatures are more complicated to use than electronic signatures, and this is consistent with the intent of the original legislation.

Persons Testifying: PRO: Senator Jan Angel, Prime Sponsor; Mel Sorensen, Property Casualty Insurers Assn. of America, American Council of Life Insurers; Lonnie Johns-Brown, Office of the Insurance Commissioner; Steve Buckner, MetLife.

Persons Signed In To Testify But Not Testifying: No one.