

HOUSE BILL REPORT

SSB 6048

As Passed House:
March 3, 2020

Title: An act relating to the group-wide supervision of internationally active insurance groups.

Brief Description: Addressing the group-wide supervision of internationally active insurance groups.

Sponsors: Senate Committee on Financial Institutions, Economic Development & Trade (originally sponsored by Senators Das, Lovelett, Nguyen, Saldaña, Kuderer and Wilson, C.; by request of Insurance Commissioner).

Brief History:

Committee Activity:

Consumer Protection & Business: 2/25/20, 2/26/20 [DP].

Floor Activity:

Passed House: 3/3/20, 96-0.

Brief Summary of Substitute Bill

- Authorizes the Office of the Insurance Commissioner to supervise internationally active insurance groups or defer authority to another appropriate regulatory official.

HOUSE COMMITTEE ON CONSUMER PROTECTION & BUSINESS

Majority Report: Do pass. Signed by 13 members: Representatives Kirby, Chair; Vick, Ranking Minority Member; Hoff, Assistant Ranking Minority Member; Barkis, Blake, Duerr, Dufault, Johnson, J., Ryu, Santos, Volz, Walen and Ybarra.

Staff: Robbi Kesler (786-7153).

Background:

The National Association of Insurance Commissioners (NAIC) creates and recommends certain financial regulation standards and regulatory statutes for the insurance industry. In 2014 the NAIC adopted revisions to a model Insurance Holding Company System

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.

Regulatory Act to provide a framework for state insurance supervision of an internationally active insurance group (IAIG). The model act addresses, among other things, insurance holding companies; insurance company examination procedures; insurer capital and surplus requirements; limitations upon individual insurance company exposure to individual risks; valuation of insurance company investments; receivership, liquidation, and rehabilitation of insurance companies; and penalties that may be imposed by the Office of the Insurance Commissioner (OIC).

The NAIC is an association composed of elected and appointed insurance regulators from the states and territories of the United States. The OIC is a member of the NAIC.

Summary of Bill:

The provisions of the Insurer Holding Company Act are amended to include the NAIC's Holding Company Model Act, as required for accreditation by the NAIC.

The OIC is authorized to act as a group-wide supervisor. As a group-wide supervisor for IAIGs, the OIC must engage in certain supervision activities including assessing the enterprise risk of the IAIG. The OIC may acknowledge another regulatory official as the group-wide supervisor if there are no substantial insurance operations by the IAIG in Washington or the United States, or it is determined that another group-wide supervisor is the appropriate regulatory official.

If there is a material change in where the IAIG is domiciled, or where the largest share of the group's premiums, assets, or liabilities are, the OIC will determine the group-wide supervisor. The OIC shall publish the identity of IAIGs that are supervised by the OIC in the Washington State Register and on the OIC website.

An IAIG must be a registered insurer and is liable for, and must pay, reasonable expenses for administering their supervision.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) This bill is identical to House Bill 2207 previously heard this session. This update is important and necessary for accreditation by the NAIC.

(Opposed) None.

Persons Testifying: Lonnie Johns-Brown, Office of the Insurance Commissioner.

Persons Signed In To Testify But Not Testifying: None.