

SENATE BILL 5268

State of Washington

52nd Legislature

1991 Regular Session

By Senator Moore.

Read first time January 25, 1991. Referred to Committee on Financial Institutions & Insurance.

1 AN ACT Relating to insurers; amending RCW 48.02.190 and 48.32A.090;
2 and repealing RCW 48.32.145.

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

4 **Sec. 1.** RCW 48.02.190 and 1987 c 505 s 54 are each amended to read
5 as follows:

6 (1) As used in this section:

7 (a) "Organization" means every insurer, as defined in RCW
8 48.01.050, having a certificate of authority to do business in this
9 state and every health care service contractor registered to do
10 business in this state. "Class one" organizations shall consist of all
11 insurers as defined in RCW 48.01.050. "Class two" organizations shall
12 consist of all organizations registered under provisions of chapter
13 48.44 RCW.

14 (b) "Receipts" means (i) net direct premiums consisting of direct
15 gross premiums, as defined in RCW 48.18.170, paid for insurance written

1 or renewed upon risks or property resident, situated, or to be
2 performed in this state, less return premiums and premiums on policies
3 not taken, dividends paid or credited to policyholders on direct
4 business, and premiums received from policies or contracts issued in
5 connection with qualified plans as defined in RCW 48.14.021, and (ii)
6 prepayments to health care service contractors as set forth in RCW
7 48.44.010(3) less experience rating credits, dividends, prepayments
8 returned to subscribers, and payments for contracts not taken.

9 (2) The annual cost of operating the office of insurance
10 commissioner shall be determined by legislative appropriation. A pro
11 rata share of the cost shall be charged to all organizations. Each
12 class of organization shall contribute sufficient in fees to the
13 insurance commissioner's regulatory account to pay the reasonable
14 costs, including overhead, of regulating that class of organization.

15 (3) Fees charged shall be calculated separately for each class of
16 organization. The fee charged each organization shall be that portion
17 of the cost of operating the insurance commissioner's office, for that
18 class of organization, for the ensuing fiscal year that is represented
19 by the organization's portion of the receipts collected or received by
20 all organizations within that class on business in this state during
21 the previous calendar year: PROVIDED, That the fee shall not exceed
22 (~~one-eighth~~) one-sixth of one percent of receipts: PROVIDED FURTHER,
23 That the minimum fee shall be one thousand dollars.

24 (4) The commissioner shall annually, on or before June 1, calculate
25 and bill each organization for the amount of its fee. Fees shall be
26 due and payable no later than June 15 of each year: PROVIDED, That if
27 the necessary financial records are not available or if the amount of
28 the legislative appropriation is not determined in time to carry out
29 such calculations and bill such fees within the time specified, the
30 commissioner may use the fee factors for the prior year as the basis

1 for the fees and, if necessary, the commissioner may impose
2 supplemental fees to fully and properly charge the organizations. The
3 penalties for failure to pay fees when due shall be the same as the
4 penalties for failure to pay taxes pursuant to RCW 48.14.060. The fees
5 required by this section are in addition to all other taxes and fees
6 now imposed or that may be subsequently imposed.

7 (5) All moneys collected shall be deposited in the insurance
8 commissioner's regulatory account in the state treasury which is hereby
9 created.

10 (6) Unexpended funds in the insurance commissioner's regulatory
11 account at the close of a fiscal year shall be carried forward in the
12 insurance commissioner's regulatory account to the succeeding fiscal
13 year and shall be used to reduce future fees.

14 **Sec. 2.** RCW 48.32A.090 and 1990 c 51 s 6 are each amended to read
15 as follows:

16 (1) The association shall issue to each insurer paying an
17 assessment under this chapter certificates of contribution, in
18 appropriate form and terms as prescribed or approved by the
19 commissioner, for the amounts so paid into the respective funds. All
20 outstanding certificates against a particular fund shall be of equal
21 dignity and priority without reference to amounts or dates of issue.

22 (2) An outstanding certificate of contribution shall be shown by
23 the insurer in its financial statements as an admitted asset for such
24 amount and period of time as the commissioner may approve: PROVIDED,
25 That unless a longer period has been allowed by the commissioner the
26 insurer shall in any event at its option have the right to so show a
27 certificate of contribution as an admitted asset at percentages of
28 original face amount for calendar years as follows:

1 100% for the calendar year of issuance;
2 80% for the first calendar year after the year of issuance;
3 60% for the second calendar year after the year of issuance;
4 40% for the third calendar year after the year of issuance;
5 20% for the fourth calendar year after the year of issuance; and
6 0% for the fifth and subsequent calendar years after the year of
7 issuance.

8 Notwithstanding the foregoing, if the value of a certificate of
9 contribution is or becomes less than one thousand dollars, the entire
10 amount may be written off by the insurer in that year.

11 ~~(3) ((The insurer shall offset the amount written off by it in a
12 calendar year under subsection (2) of this section against its premium
13 tax liability to this state accrued with respect to business transacted
14 in such year.~~

15 ~~(4) Any sums recovered by the association representing sums which
16 have theretofore been written off by contributing insurers and offset
17 against premium taxes as provided in subsection (3) of this section,
18 shall be paid by the association to the commissioner and by him
19 deposited with the state treasurer for credit to the general fund of
20 the state of Washington.~~

21 ~~(5))~~ No distribution to stockholders, if any, of a liquidating
22 insurer shall be made unless and until the total amount of assessments
23 levied by the association with respect to such insurer have been fully
24 recovered by the association.

25 NEW SECTION. **Sec. 3.** RCW 48.32.145 and 1977 ex.s. c 183 s 1
26 & 1975-'76 2nd ex.s. c 109 s 11 are each repealed.