

SENATE BILL REPORT

SB 6393

As of January 23, 1998

Title: An act relating to institutions conducting a charitable gift annuity business.

Brief Description: Regulating the charitable gift annuity business.

Sponsors: Senators Winsley and Prentice; by request of Insurance Commissioner.

Brief History:

Committee Activity: Financial Institutions, Insurance & Housing: 1/27/98.

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, INSURANCE & HOUSING

Staff: Joanne Conrad (786-7472)

Background: Washington State currently regulates several types of insurers, such as health maintenance organizations and health care service contractors. Some insurers are required to maintain reserve accounts in trust, in order to protect their insureds in the event of insolvency.

During the past several years, the number of institutions offering contracts for charitable gift annuities has doubled in Washington State. Many of the organizations are from out of state. There is concern regarding protection for Washington consumers.

Summary of Bill: Institutions that offer charitable gift annuities must, as a condition of doing business in Washington State, maintain \$500,000 in minimum unrestricted net assets. The assets must not be restricted by donor-imposed stipulations.

A separate trust fund, adequate to meet future annuity contract payments is maintained. The fund is earmarked, segregated, and invested in the same manner as required of domestic life insurance companies. The amount maintained in the trust fund is specified by formula.

The Insurance Commissioner's authorization of an institution to do business in Washington can be refused, revoked or suspended if an institution's issuance of annuity contracts would be hazardous to Washingtonians.

In addition to other remedies, the Insurance Commissioner has statutory authority to levy a fine of not more than \$10,000 to assure compliance by institutions selling charitable gift annuity contracts.

Appropriation: None.

Fiscal Note: Not requested.

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

