

2 SHB 2160 - S COMM AMD

3 By Committee on Labor, Commerce & Financial Institutions

4 ADOPTED 03/02/02

5 Strike everything after the enacting clause and insert the  
6 following:

7 "Sec. 1. RCW 48.38.020 and 1998 c 284 s 2 are each amended to read  
8 as follows:

9 (1) Upon granting to such insurer or institution under RCW  
10 48.38.010 a certificate of exemption to conduct a charitable gift  
11 annuity business, the insurance commissioner shall require it to  
12 establish and maintain a separate reserve fund adequate to meet the  
13 future payments under its charitable gift annuity contracts.

14 (2) The assets of the separate reserve fund:

15 (a) Shall be held legally and physically segregated from the other  
16 assets of the certificate of exemption holder;

17 (b) Shall be invested in the same manner that persons of reasonable  
18 prudence, discretion, and intelligence exercise in the management of a  
19 like enterprise, not in regard to speculating but in regard to the  
20 permanent disposition of their funds, considering the probable income  
21 as well as the probable safety of their capital. Investments shall be  
22 of sufficient value, liquidity, and diversity to assure the insurer or  
23 institution's ability to meet its outstanding obligations; and

24 (c) Shall not be liable for any debts of the insurer or institution  
25 holding a certificate of exemption under this chapter, other than those  
26 incurred pursuant to the issuance of charitable gift annuities.

27 (3) The amount of the separate reserve fund shall be:

28 (a) For contracts issued prior to July 1, 1998, not less than an  
29 amount computed in accordance with the standard of valuation based on  
30 the 1971 individual annuity mortality table with six percent interest  
31 for single premium immediate annuity contracts and four percent  
32 interest for all other individual annuity contracts;

33 (b) For contracts issued on or after July 1, 1998, in an amount not  
34 less than the aggregate reserves calculated according to the standards  
35 set forth in RCW 48.74.030 for other annuities with no cash settlement  
36 options;

1 (c) Plus a surplus of ten percent of the combined amounts under (a)  
2 and (b) of this subsection.

3 (4) The general assets of the insurer or institution holding a  
4 certificate of exemption under this chapter shall be liable for the  
5 payment of annuities to the extent that the separate reserve fund is  
6 inadequate.

7 (5) For any failure on its part to establish and maintain the  
8 separate reserve fund, the insurance commissioner shall revoke its  
9 certificate of exemption.

10 (6) If an institution holding a certificate of exemption under RCW  
11 48.38.010 has purchased a single premium life annuity that pays the  
12 entire amount stipulated in the gift annuity agreement or agreements  
13 from an insurer (a) holding a certificate of authority under chapter  
14 48.05 RCW, (b) licensed in the state in which the institution has its  
15 principle office, and (c) licensed in the state in which the single  
16 premium life annuity is issued, then in determining the minimum reserve  
17 fund that must be maintained under this section, a deduction shall be  
18 allowed from the minimum reserve fund in an amount not exceeding the  
19 reserve fund amount required for the annuity or annuities for which the  
20 single premium life annuity is purchased, subject to the following  
21 conditions:

22 (i) The institution has filed with the commissioner a copy of the  
23 single premium life annuity purchased and specifying which charitable  
24 gift annuity or annuities are being insured; and

25 (ii) The institution has entered into a written agreement with the  
26 annuitant and the insurer issuing the single premium life annuity  
27 providing that if for any reason the institution is unable to continue  
28 making the annuity payments required by its annuity agreements, the  
29 annuitants shall receive payments directly from the insurer and the  
30 insurer shall be credited with all of these direct payments in the  
31 accounts between the insurer and the institution."

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1        On page 1, line 2 of the title, after "business;" strike the  
2 remainder of the title and insert "and amending RCW 48.38.020."

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