

FINAL BILL REPORT

SHB 2585

C 27 L 10
Synopsis as Enacted

Brief Description: Addressing insurance statutes, generally.

Sponsors: House Committee on Financial Institutions & Insurance (originally sponsored by Representatives Kelley, Kirby and Moeller; by request of Insurance Commissioner).

House Committee on Financial Institutions & Insurance
Senate Committee on Financial Institutions, Housing & Insurance

Background:

Charitable Gift Annuities.

Charitable gift annuity businesses are regulated under the Insurance Code. The Insurance Commissioner (Commissioner) may grant a certificate of exemption to any insurer or educational, religious, charitable, or scientific institution conducting a charitable gift annuity business that meets several criteria. The holder of a certificate of exemption must meet certain financial standards. A charitable annuity contract or policy form must include certain information. The holder of a certificate of exemption must file annual reports on or before March 1 of each year. When filing the annual report, the holder of a certificate of exemption must pay filing fees of \$25, plus an additional \$5 for each charitable gift annuity contract written for residents of this state.

Medicare Supplement Insurance.

Medicare Supplement insurance is a type of health coverage intended to fill in the coverage gaps in the Medicare program. There are 12 standard policy options, called A through L, that provide coverage for a range of benefits. These Medicare Supplement policies are regulated by the Commissioner although standards are often set by the federal government.

Life Settlement Licensing Fees.

A statutory framework for the oversight of life settlements was adopted in 2009. The licensing fees for life settlement producers was required to be deposited in the Commissioner's Regulatory Account.

Summary:

Charitable Gift Annuities.

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.

An insurer or business conducting a charitable gift annuity business must:

- annually report on its financial condition on a form prescribed by the Commissioner within 60 days of the end of its fiscal year; and
- pay an annual filing fee of \$25, plus an additional \$5 for each charitable gift annuity contract written for residents of the state.

Medicare Supplement Insurance.

A reference to Medicare Supplement Standardized Plan E is corrected to Standardized Plan F.

Service of Process.

Service of process requirements are modified for a number of nonresident persons and entities, including:

- reciprocal insurers;
- unauthorized insurers;
- charitable gift annuities;
- surplus line brokers;
- insurance and title producers;
- fraternal benefit societies;
- reinsurance intermediaries;
- life settlement providers and brokers;
- service contract providers;
- protection product providers; and
- discount plan organizations.

The new service of process requirements are generally similar to the previous provisions. The fee remains \$10 and specifically applies to health discount organizations (that are not health carriers). The Commissioner may use electronic means or other means reasonably calculated to provide notices. The appointment of the Commissioner is explicitly made to be irrevocable. The appointment binds successors in interest and remains in effect as long as the person or entity has a contract or liabilities in the state. Legal proceedings may not require a licensee to appear, plead, or answer until the expiration of 40 days after the date of service upon the Commissioner. The Commissioner may adopt rules to implement the service or process provisions.

Life Settlement Licensing Fees.

The life settlement licensing fees are required to be deposited in the General Fund.

A number of grammatical and editing changes are made.

Votes on Final Passage:

House	95	0
Senate	46	0

Effective: June 10, 2010