
SENATE BILL 6458

State of Washington

63rd Legislature

2014 Regular Session

By Senators Becker, Angel, Dammeier, Brown, Tom, Schoesler, Bailey, Braun, Hill, Baumgartner, Litzow, Parlette, and Honeyford

Read first time 01/27/14. Referred to Committee on Health Care .

1 AN ACT Relating to repealing provisions that establish the office
2 of the insurance commissioner and replacing that office with a
3 Washington state insurance board; amending RCW 48.02.060; adding new
4 sections to chapter 48.02 RCW; creating a new section; repealing RCW
5 48.02.010, 48.02.020, 48.02.030, and 48.02.050; and providing an
6 effective date.

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

8 NEW SECTION. **Sec. 1.** A new section is added to chapter 48.02 RCW
9 to read as follows:

10 (1) The state insurance board is hereby established. The state
11 insurance board consists of ten members, appointed according to the
12 procedure outlined in this section. Beginning January 1, 2015, the
13 state insurance board is responsible for the oversight of this title
14 and must appoint a director whose duties and responsibilities are
15 outlined in RCW 48.02.060.

16 (2) The initial membership of the state insurance board is as
17 follows:

18 (a) By July 1, 2014, each of the two largest caucuses in both the
19 house of representatives and the senate must submit to the governor a

1 list of three nominees who are not legislators or employees of the
2 state or its political subdivisions, with no caucus submitting the same
3 nominee.

4 (i) The nominations from the largest caucus in the house of
5 representatives must include at least one insurance specialist;

6 (ii) The nominations from the second largest caucus in the house of
7 representatives must include at least one economist or actuary;

8 (iii) The nominations from the largest caucus in the senate must
9 include at least one representative of consumer advocates;

10 (iv) The nominations from the second largest caucus in the senate
11 must include at least one representative of small business;

12 (v) The remaining nominees must have demonstrated and acknowledged
13 expertise in insurance administration, market services, consumer
14 services, actuarial science, economics, financial services, or
15 regulation.

16 (b) By October 15, 2014, the governor must appoint members as
17 follows:

18 (i) Two voting members from each list submitted by the caucuses
19 under (a) of this subsection. The appointments made under this
20 subsection (2)(b)(i) must include at least one insurance specialist,
21 one economist or actuary, one representative of small business, one
22 representative of consumer advocates, and four members who have
23 demonstrated and acknowledged expertise in at least one of the
24 following areas: Auto insurance; health insurance; home insurance;
25 business insurance; or annuities;

26 (ii) One member who is not an employee of the state or its
27 political subdivisions and who will serve as chair. The chair serves
28 as a nonvoting member unless a vote of the state insurance board
29 results in a tie, in which case the chair may cast the deciding vote;
30 and

31 (iii) The director of the department of financial institutions who
32 serves as a nonvoting, ex officio member.

33 (3) Except for the director of the department of financial
34 institutions who is appointed to the state insurance board so long as
35 he or she serves as director, members serve two-year terms. Of the
36 initial members, five members must be appointed for a one-year term,
37 and four members a two-year term. Members appointed thereafter shall
38 serve two-year terms.

1 (4) A member of the state insurance board whose term has expired or
2 who otherwise leaves the board shall be replaced by gubernatorial
3 appointment. When the individual leaving was nominated by one of the
4 caucuses of the house of representatives or the senate, his or her
5 replacement shall be appointed from a list of three nominees submitted
6 by that caucus within thirty days after the vacancy occurs. If the
7 member to be replaced is the chair, the governor shall appoint a new
8 chair within thirty days after the vacancy occurs. A person appointed
9 to replace a member who leaves the state insurance board before the
10 expiration of his or her term must serve only the duration of the
11 unexpired term. Members of the state insurance board may be
12 reappointed to multiple terms.

13 (5) No state insurance board member may be appointed if his or her
14 participation in the decisions of the board could benefit his or her
15 own financial interests or the financial interests of an entity he or
16 she represents. A state insurance board member who develops a conflict
17 of interest shall resign or be removed from the board.

18 (6) Members of the state insurance board must be reimbursed for
19 their travel expenses while on official business in accordance with RCW
20 43.03.050 and 43.03.060. The board must adopt rules for the conduct of
21 its business. Meetings of the board are at the call of the chair.

22 (7)(a) The state insurance board must establish an advisory
23 committee to allow for the views of the insurance industries and other
24 stakeholders to be heard in the operation of the state insurance board.

25 (b) The state insurance board may establish technical advisory
26 committees or seek the advice of technical experts when necessary to
27 execute the powers and duties included in chapter . . . , Laws of 2014
28 (this act).

29 (8) Members of the state insurance board are not civilly or
30 criminally liable and may not have any penalty or cause of action of
31 any nature arise against them for any action taken or not taken,
32 including any discretionary decision or failure to make a discretionary
33 decision, when the action or inaction is done in good faith and in the
34 performance of the powers and duties under this title. Nothing in this
35 section prohibits legal actions against the state insurance board to
36 enforce the board's statutory or contractual duties or obligations.

1 NEW SECTION. **Sec. 2.** A new section is added to chapter 48.02 RCW
2 to read as follows:

3 (1) All powers, duties, and functions of the office of the
4 insurance commissioner pertaining to regulation of insurance are
5 transferred to the state insurance board. All references to the
6 director or the office of the insurance commissioner in the Revised
7 Code of Washington shall be construed to mean the director or the state
8 insurance board when referring to the functions transferred in this
9 section.

10 (2)(a) All reports, documents, surveys, books, records, files,
11 papers, or written material in the possession of the office of the
12 insurance commissioner pertaining to the powers, duties, and functions
13 transferred shall be delivered to the custody of the state insurance
14 board. All cabinets, furniture, office equipment, motor vehicles, and
15 other tangible property employed by the office of the insurance
16 commissioner in carrying out the powers, duties, and functions
17 transferred shall be made available to the state insurance board. All
18 funds, credits, or other assets held in connection with the powers,
19 duties, and functions transferred shall be assigned to the state
20 insurance board.

21 (b) Any appropriations made to the office of the insurance
22 commissioner for carrying out the powers, duties, and functions
23 transferred shall, on the effective date of this section, be
24 transferred and credited to the state insurance board.

25 (c) Whenever any question arises as to the transfer of any
26 personnel, funds, books, documents, records, papers, files, equipment,
27 or other tangible property used or held in the exercise of the powers
28 and the performance of the duties and functions transferred, the
29 director of financial management shall make a determination as to the
30 proper allocation and certify the same to the state agencies concerned.

31 (3) All employees of the office of the insurance commissioner
32 engaged in performing the powers, duties, and functions transferred are
33 transferred to the jurisdiction of the state insurance board. All
34 employees classified under chapter 41.06 RCW, the state civil service
35 law, are assigned to the state insurance board to perform their usual
36 duties upon the same terms as formerly, without any loss of rights,
37 subject to any action that may be appropriate thereafter in accordance
38 with the laws and rules governing state civil service.

1 (4) All rules and all pending business before the office of the
2 insurance commissioner pertaining to the powers, duties, and functions
3 transferred shall be continued and acted upon by the state insurance
4 board. All existing contracts and obligations shall remain in full
5 force and shall be performed by the state insurance board.

6 (5) The transfer of the powers, duties, functions, and personnel of
7 the office of the insurance commissioner shall not affect the validity
8 of any act performed before the effective date of this section.

9 (6) If apportionments of budgeted funds are required because of the
10 transfers directed by this section, the director of financial
11 management shall certify the apportionments to the agencies affected,
12 the state auditor, and the state treasurer. Each of these shall make
13 the appropriate transfer and adjustments in funds and appropriation
14 accounts and equipment records in accordance with the certification.

15 (7) All classified employees of the office of the insurance
16 commissioner assigned to the state insurance board under this section
17 whose positions are within an existing bargaining unit description at
18 the state insurance board shall become a part of the existing
19 bargaining unit at the state insurance board and shall be considered an
20 appropriate inclusion or modification of the existing bargaining unit
21 under the provisions of chapter 41.80 RCW.

22 NEW SECTION. **Sec. 3.** Beginning on the effective date of this
23 section, the office of the insurance commissioner must cease all rule-
24 making activities. The state insurance board may adopt rules pursuant
25 to legislative direction under this title beginning January 1, 2015.

26 **Sec. 4.** RCW 48.02.060 and 2010 c 27 s 1 are each amended to read
27 as follows:

28 (1) The (~~commissioner~~) director has the authority expressly
29 conferred upon him or her by or reasonably implied from the provisions
30 of this code.

31 (2) The (~~commissioner~~) director must execute his or her duties
32 and must enforce the provisions of this code.

33 (3) The (~~commissioner~~) director may, in consultation with the
34 state insurance board:

35 (a) Make reasonable rules for effectuating any provision of this

1 code, except those relating to his or her election, qualifications, or
2 compensation. Rules are not effective prior to their being filed for
3 public inspection in the ((~~commissioner's~~)) director's office.

4 (b) Conduct investigations to determine whether any person has
5 violated any provision of this code.

6 (c) Conduct examinations, investigations, hearings, in addition to
7 those specifically provided for, useful and proper for the efficient
8 administration of any provision of this code.

9 (4) When the governor proclaims a state of emergency under RCW
10 43.06.010(12), the ((~~commissioner~~)) director may issue an order that
11 addresses any or all of the following matters related to insurance
12 policies issued in this state:

13 (a) Reporting requirements for claims;

14 (b) Grace periods for payment of insurance premiums and performance
15 of other duties by insureds;

16 (c) Temporary postponement of cancellations and nonrenewals; and

17 (d) Medical coverage to ensure access to care.

18 (5) An order by the ((~~commissioner~~)) director under subsection (4)
19 of this section may remain effective for not more than sixty days
20 unless the ((~~commissioner~~)) director extends the termination date for
21 the order for an additional period of not more than thirty days. The
22 ((~~commissioner~~)) director may extend the order if, in the
23 ((~~commissioner's~~)) director's judgment, the circumstances warrant an
24 extension. An order of the ((~~commissioner~~)) director under subsection
25 (4) of this section is not effective after the related state of
26 emergency is terminated by proclamation of the governor under RCW
27 43.06.210. The order must specify, by line of insurance:

28 (a) The geographic areas in which the order applies, which must be
29 within but may be less extensive than the geographic area specified in
30 the governor's proclamation of a state of emergency and must be
31 specific according to an appropriate means of delineation, such as the
32 United States postal service zip codes or other appropriate means; and

33 (b) The date on which the order becomes effective and the date on
34 which the order terminates.

35 (6) The ((~~commissioner~~)) director may adopt rules that establish
36 general criteria for orders issued under subsection (4) of this section
37 and may adopt emergency rules applicable to a specific proclamation of
38 a state of emergency by the governor.

1 (7) The rule-making authority set forth in subsection (6) of this
2 section does not limit or affect the rule-making authority otherwise
3 granted to the ((~~commissioner~~)) director by law.

4 NEW SECTION. **Sec. 5.** The following acts or parts of acts are each
5 repealed:

6 (1) RCW 48.02.010 (Insurance commissioner) and 2009 c 549 s 7001 &
7 1947 c 79 s .02.01;

8 (2) RCW 48.02.020 (Term of office) and 2009 c 549 s 7002 & 1947 c
9 79 s .02.02;

10 (3) RCW 48.02.030 (Bond) and 2009 c 549 s 7003 & 1947 c 79 s
11 .02.03; and

12 (4) RCW 48.02.050 (Seal) and 1947 c 79 s .02.05.

13 NEW SECTION. **Sec. 6.** Sections 2, 4, and 5 of this act take effect
14 January 1, 2015.

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