



OFFICE OF
INSURANCE COMMISSIONER

January 25, 2010

Re: Chapter 48.13 RCW – possible amendment

Dear CFO:

Chapter 48.13 RCW is the Insurance Code chapter that regulates investments by insurers, health care service contractors, health maintenance organizations, and self-funded multiple employer welfare arrangements (all collectively referred to as insurers, without distinction). Most of the investments chapter originated in the Remington Supplements and was re-codified in 1947. A few new sections have been added and a few sections have been amended since 1947, but there has not been a comprehensive review.

In the intervening sixty-plus years, investment markets and products have changed, and statutory accounting, as expressed in the NAIC Accounting Practices and Procedures Manual, has been codified. We believe it is time to make a comprehensive review of the investments chapter and assess whether and to what extent amendments are desirable.

We appreciate the fact that representatives of some domestic insurers were able to meet with us last September to discuss the possible revision of Chapter 48.13 RCW. Comments received at that meeting and afterward guided our development of the attached bill draft, which is based on the NAIC defined standards model. In this draft, deviations from the NAIC model are shown in blue font.

At this time we are sharing this draft only with domestic CFOs and investment officers. After the draft is more refined based on comments from CFOs and investment officers, we will expose the draft more widely and begin the process that we hope will result in a consensus bill for the 2011 legislative session.

Your comments and drafting suggestions by March 15, 2010, will help us develop a Draft of our modernization bill. After the close of the 2010 Legislative Session, we will contact you and a broader group of interested parties with a draft bill that considered your suggested refinements. In May through the middle of July 2010, we will hold a series of dialogues with interested parties to further refine the draft and move toward consensus. Our goal in this process is to produce, by August 5, 2010, a consensus bill to recommend to the Commissioner for inclusion in his 2011 Legislative Agenda.

I hope you will be able to assist us with your comments and drafting skills. I look forward to working with you.

Sincerely,

A handwritten signature in black ink, appearing to read "James T. Odiorne".

JAMES T. ODIORNE, CPA, JD
Deputy Insurance Commissioner
Company Supervision Division

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