



The Association of Washington Healthcare Plans

June 30, 2010

Sent via E-Mail & U.S. Postal Service

Mr. James T. Odiorne, JD, CPA  
Deputy Insurance Commissioner  
Company Supervisions Division  
State of Washington Office of Insurance Commissioner  
PO Box 40255  
Olympia, WA 98504-0255

Re: Draft Amendment to Chapter 48.13.RCW Insurer Investment Act

Dear Deputy Commissioner Odiorne:

On behalf of AWHP member healthcare plans, thank you for the opportunity to provide input as part of the process of amending Chapter 48.13.RCW. Our members are in agreement that the requirements need updating, and we appreciate the Office of Insurance Commissioner's (OIC) efforts towards that objective.

A number of our member healthcare plans are submitting more detailed input and suggestions; however, we offer the following overarching comments and recommendations for your consideration.

**AWHP Members Recommend Closer Adherence to NAIC Model**

We strongly recommend that the OIC more closely align to the NAIC Investments of Insurers Model Act Defined Standards Version. While the proposed revisions to RCW 48.13 use the NAIC model as a framework, significant modifications have been made.

The NAIC model act serves as a uniform and modernized approach for establishing insurer investment requirements. Deviations from the NAIC model undermine the premise of having such a model rule. Such variances also can create additional, unnecessary administrative burdens for insurers.

Insurers rely on the NAIC accounting pronouncement for meeting statutory accounting requirements and the filing of quarterly and annual filings. Adhering to the NAIC model act for RCW 48.13 allows insurers to rely on these accounting pronouncements and will assist insurers with compliance with RCW 48.

**Summary of Over-Arching Concerns with Current Draft Proposal**

The current draft amendment proposal significantly broadens OIC regulatory scope and oversight. The proposal seeks to codify actual procedures, including prescriptive requirements for insurer data handling technologies. We believe this expansion of OIC regulatory authority is not only unnecessary, but will also create problems for insurers in conducting their day-to-day business processes and technology

administration. Furthermore, portions of the RCW language will become obsolete as procedures and data handling technologies continue to evolve over time.

While being very prescriptive and detailed in some areas, the proposed requirements are vague and unclear in other important areas. For example, the proposed amendment establishes unspecified secondary benchmarks that are outside of and beyond the rule itself. It is our understanding the OIC will be allowed to establish rules outside the usual rule-making process, with no opportunity for stakeholders to provide input as part of the process. The OIC will also have the option to establish different benchmark standards for different insurers. We think it only fair and reasonable that insurers be allowed to know what standards will be applied to them, as well as be assured that those standards are applied uniformly.

Again, we appreciate the opportunity to provide input to this very important process. We look forward to continuing collaboration with the OIC in crafting updated financial requirements. Please do not hesitate to call me at 425-396-5375 if you have any questions or would like to discuss.

Sincerely,

Sydney Smith Zvara  
Executive Director