

WAC 284-95-050 Requirement of full disclosure. (1) At a minimum, the notice sent to the policyowner shall state the following in language easily understood by a policyowner:

(a) The date upon which the transfer of liabilities arising under the insurance contract is to take place.

(b) The name and address of the proposed assuming company.

(c) The fact that the policyowner has a legal right to either consent to the proposed transfer, or to refuse to consent to it.

(d) The fact that if the policyowner wishes to accept the proposed transfer, that person must affirmatively do so by signing and returning the enclosed consent form.

(e) The fact that unless the policyowner signs and returns the enclosed consent form, the proposed transfer will not take place as to the insurance contract in his or her case, and that as a result the liabilities arising under that insurance contract will remain with the transferring company.

(f) Depending upon the intent of the transferring company, the policyowner should be told whether the transferring company will or may utilize the services of the proposed assuming company or another entity for administratively servicing the insurance contract, if consent to the transfer is not given, even though the obligations and liabilities under the insurance contract will remain with the transferring company. Examples of such servicing should be illustrated.

(g) The reason or reasons for the proposed transfer.

(h) Enough information about both the transferring company and the assuming company for the policyowner to make an informed choice about whether to consent to the proposed transfer or not. Necessary information will vary from one situation to another. However, it shall include, although it is not limited to, the following: The assets and liabilities of each company, and the business experience of each, particularly with respect to the kind of insurance involved in the proposed transfer.

(i) Whether the assuming company holds a valid certificate of authority or registration for the kind of insurance involved in the proposed transfer, issued by the state of which the policyowner is a resident.

(j) Whether the proposed transfer would have any effect upon availability and extent of protection afforded by any state guaranty fund, in the event of insolvency of the proposed assuming company.

(2) The notice and disclosure shall be accompanied by a form by which the policyowner may consent to or reject the proposed transfer. The form shall be worded in language easily understood by the policyowner, and be accompanied by a postage prepaid return envelope, by which it may be returned. All the forms shall be subject to the type size requirements of RCW 48.20.012(2).

(3) After processing, the transferring company shall return to consenting policyowners a copy of the consent to transfer for attachment to the insurance contract. The transferring company shall retain the policyowner's written consent with its records pertaining to each insurance contract.

(4) The notice and disclosure documents must also advise the policyowner that the transferring company will not unfairly discriminate against those policyowners who do not consent to the transfer.

(5) A certificate of assumption shall be provided to each consenting policyowner. The certificate shall include, at a minimum, the statement that the assuming company assumes all contractual obligations under the insurance contract. It shall include the name of the

assuming company and its address to which communications relating to the insurance contract should be sent. The certificate of assumption shall become a part of the transferred contract. The form of certificate of assumption shall be filed with the insurance commissioner pursuant to RCW 48.18.100.

[Statutory Authority: RCW 48.02.060 (3)(a), 48.01.030 and 48.30.010. WSR 91-23-064 (Order R 91-9), § 284-95-050, filed 11/18/91, effective 12/19/91.]