

2026 Regular Session

HOUSE BILL NO. 904

BY REPRESENTATIVE BAMBURG

INSURANCE: Establishes guidelines for the regulation of captive insurance companies and risk retention groups

1 AN ACT

2

3 To amend and reenact R.S. 22:550.4, 550.10(E), 550.11, 550.13(E), 550.20, 550.21(1),
4 550.23(H), and 550.24(A) and to enact R.S. 22:550.3(D), 550.10(F), 550.14(B)(5),
5 and 550.21(4), relative to captive insurers; to provide for capital and surplus
6 requirements; to require certain deposits; to prohibit insuring certain risks; to provide
7 for the governance of a company; to provide for annual reporting requirements; to
8 provide for the use of certain taxes; to provide for rate filings; to make technical
9 changes; to provide for effectiveness; and to provide for related matters.

10 Be it enacted by the Legislature of Louisiana:

11 Section 1. R.S. 22:550.4, 550.10(E), 550.11, 550.13(E), 550.20, 550.21(1),
12 550.23(H), and 550.24(A) are hereby amended and reenacted and R.S. 22:550.3(D),
13 550.10(F), 550.14(B)(5), and 550.21(4) are hereby enacted to read as follows:

14 §550.3. Applicability of other provisions

15 * * *

16 D. The commissioner may waive any requirements imposed in this Title for
17 risk retention groups, unless the waiver would violate the accreditation requirements
18 of the National Association of Insurance Commissioners.

1 §550.4. Regulations

2 The commissioner may promulgate rules and regulations in accordance with
3 the Administrative Procedure Act as are necessary to implement and enforce the
4 provisions of this Subpart and to comply with accreditation standards of the National
5 Association of Insurance Commissioners applicable to risk retention groups
6 chartered and licensed as a captive insurance company.

7 * * *

8 §550.10. Capital and surplus requirements

9 * * *

10 E. Except as otherwise provided by the commissioner pursuant to Subsection
11 F of this Section, the capital required to be maintained pursuant to this Section shall
12 be in the form of cash, cash equivalents, bonds, marketable securities, surplus
13 debentures, letters of credit, a trust approved by the commissioner and pledged to the
14 commissioner, ~~or~~ evidences of indebtedness which are direct general obligations of
15 the government of the United States, or any other form of capital as approved by the
16 commissioner.

17 F. The commissioner may prescribe ~~additional~~ other forms of capital or other
18 requirements relating to capital and surplus based on the type, volume, and nature
19 of the insurance business that is transacted by the captive insurance company or risk
20 retention group chartered and licensed in this state.

21 §550.11. Deposit required of association captive insurers

22 A. Before receiving a certificate of authority, all association captive
23 insurance companies shall deposit with the commissioner a safekeeping or trust
24 receipt from a bank located in the state and doing business within the state or from
25 a savings and loan association chartered to do business in this state indicating that
26 the association captive insurance company has deposited one hundred thousand
27 dollars in money or bonds of the United States, the state of Louisiana, or any
28 political subdivision thereof, of the par value of not less than one hundred thousand
29 dollars. All securities deposited pursuant to this Section shall be held in trust for the

1 benefit and protection of and as security for all policyholders of the association
2 captive insurance company making the deposit.

3 B. The commissioner may require a captive insurance company and risk
4 retention groups chartered and licensed in this state to deposit with the commissioner
5 a safekeeping or trust receipt from a bank located in this state and doing business
6 within this state or from a savings and loan association chartered to do business in
7 this state indicating that the captive insurance company or risk retention group has
8 deposited money or bonds of the United States, this state, or a political subdivision
9 in an amount determined by the commissioner to address any financial solvency
10 concerns. All securities deposited pursuant to this Section shall be held in trust for
11 the benefit and protection of, and as security for, the policyholders of the captive
12 insurance company or risk retention group or to address financial solvency concerns
13 of the captive insurance company or risk retention group.

14 * * *

15 §550.13. Authorized and prohibited types of insurance

16 * * *

17 E.(1) An association captive insurance company shall not expose itself to
18 loss on any one risk in an amount which exceeds ten percent of the captive insurer's
19 capital and surplus. A risk, or any portion thereof, which has been reinsured shall
20 be deducted in determining the limitation of risk prescribed in ~~the~~ this Section.

21 (2) Notwithstanding the provisions of Paragraph (1) of this Subsection, the
22 commissioner may grant authorization to a captive insurance company or a risk
23 retention group chartered and licensed in this state to expose itself to loss on a single
24 risk in any amount up to thirty percent of the capital and surplus of the captive
25 insurance company or risk retention group. A risk, or any portion thereof, which has
26 been reinsured shall be deducted in determining the limitation of risk prescribed in
27 the Section.

1 §550.14. Formation and meetings of board of directors; additional requirements to
2 transact insurance

3 * * *

4 B. A captive insurance company shall not engage in any insurance business
5 in this state unless it complies with all of the following:

6 * * *

7 (5) Board members of risk retention groups that are chartered and licensed
8 in this state shall comply with the corporate governance standards for domestic risk
9 retention groups established by the National Association of Insurance
10 Commissioners.

11 * * *

12 §550.20. Prohibition on ownership by an insurance company

13 ~~A captive insurance company shall not do business in this state if an~~
14 ~~insurance company is directly or indirectly a member or owner of such captive~~
15 ~~insurance company, except when the member of the captive insurance company are~~
16 ~~all insurance companies.~~ A captive insurance company or risk retention group
17 chartered and licensed in this state may do business in this state, regardless of
18 whether an insurance company is directly or indirectly a member or owner of the
19 captive insurance company or risk retention group.

20 §550.21. Annual report of financial condition to commissioner; regulations
21 designating form; alternative date to file annual report

22 Every captive insurance company and risk retention group chartered and
23 licensed in this state shall file each of the following with the department:

24 (1) Annually on or before March first, a statement of its financial condition
25 for the year ending December thirty-first immediately preceding, and any
26 amendment to the plan of operation at last year-end, verified by the oath of at least
27 two of its executive officers. The statement shall be in the form prescribed by the
28 commissioner. Risk retention groups chartered and licensed in this state shall use
29 the appropriate National Association of Insurance Commissioners Annual Statement

1 chartered and licensed in this state to file its rates with the department, the
2 commissioner may disapprove a filing if it raises financial solvency concerns.

3 * * *

4 Section 2. This Act shall become effective upon signature by the governor or, if not
5 signed by the governor, upon expiration of the time for bills to become law without signature
6 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
7 vetoed by the governor and subsequently approved by the legislature, this Act shall become
8 effective on the day following such approval.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 904 Reengrossed 2026 Regular Session Bamburg

Abstract: Revises provisions of law governing captive insurance companies and risk retention groups, while instituting supplementary obligations.

Present law provides for the regulation, formation, operation, and oversight of captive insurance companies and risk retention groups, including capital and surplus requirements, deposits, limitations on risk exposure, governance, annual reporting, rate filings, and premium taxes.

Proposed law authorizes the commissioner of insurance (commissioner) to waive certain requirements applicable to risk retention groups if the waiver does not violate accreditation standards of the National Association of Insurance Commissioners NAIC. Proposed law further authorizes the commissioner to promulgate rules necessary to implement the Subpart and to comply with NAIC accreditation standards.

Proposed law expands the forms of capital that may be used to satisfy capital and surplus requirements and authorizes the commissioner to approve additional forms of capital or impose additional capital and surplus requirements based on the type, volume, and nature of the insurance business conducted by a captive insurance company or risk retention group.

Proposed law authorizes the commissioner to require captive insurance companies and risk retention groups to deposit money or specified securities to address financial solvency concerns and retains the existing deposit requirement for association captive insurance companies.

Proposed law grants the commissioner the authority, notwithstanding the general limitations established in current legislation, to permit a captive insurance company or risk retention group chartered and licensed in Louisiana to assume exposure to loss on a single risk in an amount not exceeding thirty percent of its capital and surplus.

Proposed law requires board members of risk retention groups chartered and licensed in La. to comply with NAIC corporate governance standards and revises present law to authorize

captive insurance companies and risk retention groups to do business in the state regardless of whether an insurance company is directly or indirectly a member or owner.

Proposed law requires captive insurance companies and risk retention groups to file annual financial statements and amendments to their plans of operation and requires risk retention groups to use NAIC annual statement blanks, accounting practices and procedures, and governance standards.

Proposed law requires premium tax revenues collected under present law to be transferred annually to the department for regulation of captive insurance companies and authorizes the commissioner to withhold funds to defray regulatory and enforcement expenses.

Proposed law authorizes the commissioner to require captive insurance companies and risk retention groups to file rates for property and casualty insurance in accordance with present law and allows the use of rates forty-five days after filing unless disapproved. Proposed law requires captive insurance companies to file rates for all other lines of insurance on an actuarially justified basis and authorizes the commissioner to disapprove rates that raise solvency concerns.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Amends R.S. 22:550.4, 550.10(E), 550.11, 550.13(E), 550.20, 550.21(1), 550.23(H), and 550.24(A); Adds R.S. 22:550.3(D), 550.10(F), 550.14(B)(5), and 550.21(4))

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Insurance to the original bill:

1. Make technical changes.

The House Floor Amendments to the engrossed bill:

1. Implement a provision that grants the commissioner the authority to permit a Louisiana-domiciled captive insurance company or risk retention group to assume a single risk exposure of up to thirty percent of its capital and surplus.
2. Remove redundant language from proposed law to maintain consistency with existing statutory format.
3. Clarify the commissioner's duties and responsibilities.
4. Make technical changes.