RÉSUMÉ DIGEST

ACT 336 (HB 1151) **2026 Regular Session** **Bayham**

Existing law (R.S. 22:601.8) delineates the authority granted to insurers for the investment in equity interests and stipulates specific limitations governing such investments.

New law retains existing law and clarifies provisions governing equity investments by domestic insurers, encompassing both life and non-life insurers, to address solvency issues and delineate investment limitations.

New law stipulates that an insurer is permitted to acquire preferred stocks in any business entity organized under the laws of the United States, provided that, following the investment, the securities of a single issuer and its affiliates do not surpass 3% of the insurer's admitted assets. The total amount of preferred stocks held by the insurer must not exceed 25% of admitted assets.

New law further mandates that insurers are permitted to acquire equity interests in solvent business entities that are either:

(1) Domiciled within the United States.

(2) Domiciled in a foreign jurisdiction and listed on a qualified exchange.

(3) Otherwise permitted pursuant to existing law (R.S. 22:601.12).

New law mandates that a life insurer is prohibited from acquiring an equity investment if such acquisition would result in the aggregate total of all equity interests exceeding 20% of the insurer's admitted assets, or if the equity interests not listed on a qualified exchange would exceed 5% of admitted assets.

New law strictly prohibits a life insurer from pursuing investments that would lead to a breach of these aforementioned limitations. New law restricts the practice of short selling equity investments, allowing such transactions only when they are covered by ownership or an enforceable right to acquire the equity within a six-month period. New law provides that certain accident and health insurers filing as life insurers are subject to separate provisions.

New law stipulates that insurers, with the exception of life insurers, refrain from acquiring investments under these provisions if, subsequent to such acquisition, the total amount of investments (excluding exchange-traded funds and mutual funds) exceeds 50% of admitted assets, or if non-exchange-listed equity interests surpass 5% of admitted assets.

New law stipulates that investments in exchange-traded funds and mutual funds shall not exceed the greater of 50% of admitted assets or 100% of surplus pertaining to policyholders. The law imposes a limitation on investments in any single fund, capping it at 10% of admitted assets. New law restricts the aggregate amount of all equity interests held by such insurers to the greater of 50% of admitted assets or 100% of surplus.

New law authorizes the commissioner of insurance to require that investments held through exchange-traded funds, mutual funds, pooled investment vehicles, or other investment companies be treated as proportionate direct ownership for purposes of evaluating an insurer's investment portfolio.

Effective August 1, 2026.

(Amends R.S. 22:601.8)