

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 Subpart  
17 for risk retention groups, unless the waiver would violate the accreditation  
18 requirements 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. An association captive insurance company shall not expose itself to loss  
18 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. The  
21 commissioner may prohibit a captive insurance company or a risk retention group  
22 chartered and licensed in this state from exposing itself to loss on a single risk in an  
23 amount between three and ten percent of the capital and surplus of the captive  
24 insurance company or risk retention group. A risk, or any portion thereof, which has  
25 been reinsured shall be deducted in determining the limitation of risk prescribed in  
26 the Section.

27 §550.14. Formation and meetings of board of directors; additional requirements to  
28 transact insurance

29 \* \* \*

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

3   \*       \*       \*

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

8   \*       \*       \*

9           §550.20. Prohibition on ownership by an insurance company

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

17           §550.21. Annual report of financial condition to commissioner; regulations  
18           designating form; alternative date to file annual report

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

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

1 practices prescribed by the Accounting Practices and Procedures Manual adopted by  
2 the National Association of Insurance Commissioners, unless otherwise provided in  
3 law.

4 \* \* \*

5 (4) Risk retention groups chartered and licensed in this state are required to  
6 maintain governance standards that are substantially similar to the standards adopted  
7 by the National Association of Insurance Commissioners.

8 \* \* \*

9 §550.23. Taxes on premiums and assessments

10 \* \* \*

11 H. ~~The premium tax revenues collected pursuant to this Section shall be~~  
12 ~~transferred annually to the department for the regulation of captive insurance~~  
13 ~~companies pursuant to this Subpart. The commissioner may withhold the funds~~  
14 ~~collected pursuant to this Part to defray the expense of collecting taxes imposed by,~~  
15 ~~and of enforcing this Subpart, and for the operation of the department.~~

16 \* \* \*

17 §550.24. Rates

18 A. Each captive insurance company and risk retention group chartered and  
19 licensed in this state may be required by the commissioner to ~~shall~~ file rates for  
20 property and casualty lines of insurance in accordance with Subpart O of Part IV of  
21 Chapter 4 of this Title, R.S. 22:1451 et seq. on an actuarially justified basis with the  
22 department, ~~and may use the rates forty-five days after filing, unless the department~~  
23 ~~disapproves the use of rates within the forty-five period. For all other lines of~~  
24 ~~insurance, captive insurance companies shall file rates on an actuarially justified~~  
25 ~~basis with the department and may use the rates within the forty-five day period~~ If  
26 ~~the commissioner requires a captive insurance company or risk retention group~~  
27 ~~chartered and licensed in this state to file its rates with the department, the~~  
28 ~~commissioner may disapprove a filing if it raises financial solvency concerns.~~

29 \* \* \*

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

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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)]

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HB 904 Engrossed

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 limits the exposure of association captive insurance companies to loss on any one risk to ten percent of capital and surplus and authorizes the commissioner to prohibit captive insurance companies and risk retention groups from exposing themselves to loss on a single risk in an amount between three and ten percent of 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.