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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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Jay Morris

HB No. 198

**Abstract:** Extends commissioner of insurance's authority to grant reinsurance credits to captive insurers.

Present law recognizes two types of captive insurers: pure captive insurers and association captive insurers. Present law further defines a "pure captive insurer" as a captive insurer that insures only the risks of its parent and affiliated companies, whereas an "association captive insurer" insures only the risks of the member organizations of the association, the affiliated companies of the member organizations, and the risks of the association itself.

Proposed law retains present law.

Present law further has certain capital and surplus requirements for each type of captive insurer to maintain at all times while doing business in this state.

Proposed law retains present law.

Present law prohibits a captive insurer from providing reinsurance on risks ceded by another insurer without prior written approval of the commissioner.

Proposed law retains present law.

Present law allows the commissioner to authorize a captive insurer to take credit for reserves on risks or portions of risks ceded to a pool, an exchange, or an association acting as a reinsurer.

Proposed law extends present law to allow a captive insurer to take credit, subject to the approval of the commissioner, for reserves on risks or portions of risks ceded to a reinsurer or to a pool, an exchange, or an association acting as a reinsurer.

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

(Amends R.S. 22:550.17(C))