

Regular Session, 2013

HOUSE BILL NO. 198

BY REPRESENTATIVE JAY MORRIS AND SENATOR WALSWORTH

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

INSURANCE: Extends commissioner's authority to grant reinsurance credits to captive insurers

1 AN ACT

2 To amend and reenact R.S. 22:550.17(C), relative to captive insurers; to allow the  
3 commissioner of insurance to grant reinsurance credits to captive insurers under  
4 certain conditions; and to provide for related matters.

5 Be it enacted by the Legislature of Louisiana:

6 Section 1. R.S. 22:550.17(C) is hereby amended and reenacted to read as follows:

7 §550.17. Reinsurance; credit for reserves on risks or portions of risks in certain  
8 circumstances; plan for workers' compensation deemed reinsurance in certain  
9 circumstances

10 \* \* \*

11 C. Subject to the approval of the commissioner, ~~The commissioner may~~  
12 ~~authorize~~ a captive insurer to may take credit for reserves on risks or portions of risks  
13 ceded to a reinsurer, or to a pool, an exchange, or an association acting as a  
14 reinsurer, that does not comply with the requirements of Subsection B of this  
15 Section. The commissioner may require such documents, financial information, or  
16 other evidence as he determines necessary to show that such reinsurer, ~~the~~ pool,  
17 exchange, or association will be able to provide adequate security for its financial  
18 obligations. The commissioner may deny authorization or impose any limitations  
19 on the activities of such reinsurer, ~~a reinsurance~~ pool, exchange, or association that,  
20 in his judgment, are necessary and proper to provide adequate security for the ceding  
21 captive insurer and for the protection and benefit of the general public.

22 \* \* \*

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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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))

Summary of Amendments Adopted by House

Committee Amendments Proposed by House Committee on Insurance to the engrossed bill.

1. Made technical changes.