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The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Thomas L. Tyler.

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## DIGEST

Walsworth (SB 120)

Proposed law retains present law that prohibits a captive insurer from providing reinsurance on risks ceded by any other insurer without written approval from the commissioner of insurance. Further retains authority for a captive insurer to take credit for reserves on risks or portion of risks ceded to a reinsurer in compliance with the solvency and reporting requirements for reinsurance.

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

Proposed law provides that, subject to approval by the commissioner, a captive insurer may take credit for reserves on risks or portions of risks ceded to a reinsurer or to a pool, exchange or association acting as a reinsurer which does not comply with the requirements of present law regarding reinsurance and credits for reserves on risks in certain circumstances.

Present law authorizes the commissioner to require documents or information necessary to show that the entity will be able to provide adequate security for its financial obligations and allows him to impose limitations on the activities of the entity deemed necessary and proper to provide adequate security for the ceding captive insurer and for the protection and benefit of the general public. Proposed law retains these provisions relative to a pool, exchange or association acting as a reinsurer but also applies them to a reinsurer.

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

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