

2016 Regular Session

HOUSE BILL NO. 460

BY REPRESENTATIVE ABRAHAM

1 AN ACT

2 To amend and reenact R.S. 22:589(C) and to enact R.S. 22:589(D), relative to investments  
3 by domestic insurers in securities of foreign nations; to provide additional authority  
4 for such investments, including requiring that such foreign nations be members of  
5 the Organisation for Economic Co-operation and Development; to provide for  
6 minimum rating requirements and a limitation on such securities; and to provide for  
7 related matters.

8 Be it enacted by the Legislature of Louisiana:

9 Section 1. R.S. 22:589(C) is hereby amended and reenacted and R.S. 22:589(D) is  
10 hereby enacted to read as follows:

11 §589. Foreign securities

12 \* \* \*

13 C. A domestic insurer may invest any of its funds in bonds, debentures,  
14 notes, or other similar obligations that are not in default and are issued in the United  
15 States market, denominated in United States dollars, and are the direct legal  
16 obligation of a foreign nation that is a member of the Organisation for Economic  
17 Co-operation and Development, for which investments in or business transactions  
18 with are not prohibited or restricted by any law, regulation, or rule of the United  
19 States or this state, and for which the full faith and credit of such nation has been  
20 pledged for the payment of principal and interest, but only if the foreign nation has  
21 not defaulted and has met its payment obligations in a timely manner on all similar  
22 obligations for a period of at least twenty-five years immediately preceding.  
23 Additionally, the debt of the issuing country shall be rated at least A- or better by

1           Standard & Poor's Corporation or A3 or better by Moody's, Inc. or an equivalent  
 2           investment grade by a securities ratings organization accepted by the National  
 3           Association of Insurance Commissioners. The total investment in such foreign  
 4           securities at any one time shall not exceed five percent of an insurer's admitted  
 5           assets.

6           ~~C. D.~~ In addition to the investments authorized in Subsections A, ~~and B,~~ and  
 7           C of this Section, an insurer authorized to transact insurance in a foreign country  
 8           may invest an amount or amounts in the aggregate not exceeding thirty percent of its  
 9           capital and surplus if a stock company, or thirty percent of its surplus if a mutual  
 10          company, in such investments as are allowed in R.S. 22:584 in a foreign country  
 11          with which the United States has diplomatic relations or had diplomatic relations on  
 12          January 1, 1978. For the purposes of investments made under this Subsection, all  
 13          references to the United States appearing in R.S. 22:584 shall be considered to name  
 14          the particular foreign country or countries in which the investments made hereunder  
 15          are placed.

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

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SPEAKER OF THE HOUSE OF REPRESENTATIVES

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PRESIDENT OF THE SENATE

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GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: \_\_\_\_\_