

SENATE BILL NO. 41

BY SENATOR BERNARD

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

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AN ACT

To amend and reenact R.S. 22:801 and 802 and to repeal R.S. 22:145, 171, 254(A), (B), (D), (E), and (F), 257(A)(9), 332(A)(13), 333(B) and (C), 341(C), 804, 807, and 808, relative to deposits by insurers; to provide for authority to receive and hold insurer deposits; to provide for release of funds deposited under certain conditions; to provide for the terms and conditions of making and maintaining deposits; to provide for an effective date; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 22:801 and 802 are hereby amended and reenacted to read as follows:

§801. ~~General deposit; foreign and alien insurer~~ **Commissioner authorized to hold deposits**

~~All foreign or alien insurers doing business in this state shall, subject to the exceptions contained in R.S. 22:804, deposit with the commissioner of insurance a safekeeping or trust receipt from a bank doing business within the state or from a savings and loan association chartered to do business in this state indicating that one hundred thousand dollars in money or in approved bonds of the United States, the state of Louisiana, or any political subdivision thereof, of the market value of not~~

1 less than one hundred thousand dollars has been made. Such approval shall be made
2 by the commissioner of insurance. A. If a deposit in this state is required by
3 another state or jurisdiction as a condition of seeking or maintaining a license
4 or certificate of authority or surplus lines approval in that state or jurisdiction,
5 an insurer authorized in Louisiana may make the deposit as provided in this
6 Section.

7 (1) The insurer shall notify the commissioner in writing of the intent to
8 make the deposit. This notice shall include the reason for the deposit and the
9 amount of the deposit to be held and shall specifically identify each jurisdiction
10 for which the deposit is required.

11 (2) The deposit shall be made in a bank doing business in this state or a
12 savings and loan association chartered to do business in this state and shall be
13 pledged to the commissioner as provided in this Section.

14 (3) Deposits made pursuant to this Section shall be held in trust for the
15 benefit and protection of, and as security for, all policyholders and creditors of
16 the insurer making the deposit.

17 B. The commissioner may, as a condition of the issuance or maintenance
18 of a certificate of authority in this state, order an insurer to make and maintain
19 a deposit based upon the type, volume, or nature of insurance business
20 transacted. Deposits made pursuant to this Subsection shall be held pursuant
21 to the requirements and conditions ordered by the commissioner.

22 C. Deposits made pursuant to this Section shall be in the form of money
23 or in approved bonds of the United States, the state of Louisiana, or any
24 political subdivision of the state thereof with a market value of not less than the
25 required amount as specified by the insurer or required by the commissioner.

26 D. Every insurer making a deposit in compliance with this Section shall,
27 no later than the first of March each year, provide to the commissioner a
28 safekeeping or trust receipt from the bank or savings and loan association
29 holding the deposit confirming the amount of the deposit, identifying the nature
30 of the deposit, and confirming the fact that the deposit is pledged to the

1 commissioner.

2 §802. ~~Condition~~ Release of deposits

3 ~~The deposit required by R.S. 22:801 shall be conditioned only for, and~~
4 ~~dedicated exclusively to, the prompt payment of all claims arising and accruing to~~
5 ~~any person by virtue of any policy issued by any such insurer upon the life or person~~
6 ~~of any citizen of the state of Louisiana, or upon any property or other risk situated~~
7 ~~in this state. Under no circumstances shall such deposit be used for the payment of~~
8 ~~any fee whatsoever to any attorney, agent, or other person appointed for any services~~
9 ~~rendered in connection with any ancillary conservation, ancillary receivership, or any~~
10 ~~other supervisory proceeding or mode involving the company making such deposit.~~

11 A. When an insurer desires to withdraw any deposit or portion of a
12 deposit made in this state pursuant to R.S. 22:801, the insurer shall make a
13 written request to the commissioner for release of the funds.

14 B. For deposits held pursuant to R.S. 22:801(A), the commissioner shall
15 give notice of the withdrawal request to the insurance commissioner or other
16 proper supervisory official of every state for which the deposit was required.

17 C. For deposits held pursuant to R.S. 22:801(A), the commissioner shall,
18 no less than thirty days after the notice to other states, authorize the bank or
19 savings and loan holding the deposit to release the deposit, unless he receives
20 objection of the release from the insurance commissioner or other proper
21 supervisory official of a state for which the deposit was required.

22 D. For deposits held pursuant to R.S. 22:801(B), the commissioner shall
23 not release the deposit, unless he determines that the grounds or conditions
24 which led to the order requiring the deposit no longer exist.

25 E. If an insurer is placed into rehabilitation or liquidation in this or
26 another state, any deposit made in this state may be surrendered to the receiver
27 pursuant to an order of the receivership court.

28 Section 2. R.S. 22:145, 171, 254(A), (B), (D), (E), and (F), 257(A)(9), 332(A)(13),
29 333(B) and (C), 341(C), 804, 807, and 808 are hereby repealed in their entirety.

30 Section 3. This Act shall become effective on July 1, 2021; if vetoed by the governor

1 and subsequently approved by the legislature, this Act shall become effective on July 1,
2 2021, or on the day following such approval by the legislature, whichever is later.

PRESIDENT OF THE SENATE

SPEAKER OF THE HOUSE OF REPRESENTATIVES

GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: _____