

**ACT No. 313**

2025 Regular Session

HOUSE BILL NO. 635

BY REPRESENTATIVE BAMBURG AND SENATOR BASS

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AN ACT

To amend and reenact Subpart S of Part I of Chapter 2 of Title 22 of the Louisiana Revised Statutes of 1950, to be comprised of R.S. 22:550.1 through 550.32 and R.S. 44:4.1(B)(11) and to enact R.S. 22:821(40), relative to captive insurance companies; to provide for definitions; to provide for application and regulation requirements; to provide for capital and surplus requirements; to provide for confidentiality of certain records; to provide a public records exception for certain records; to provide for examinations; to provide for redomestication; to provide for dormancy; to require for the payment of fees; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. Section 2 of this Act amends and reenacts Subpart S of Part I of Chapter 2 of Title 22 of the Louisiana Revised Statutes of 1950 in its entirety. Due to the length of the Subpart, present law is not included as overstruck text.

Section 2. Subpart S of Part I of Chapter 2 of Title 22 of the Louisiana Revised Statutes of 1950, comprised of R.S. 22:550.1 through 550.32, is hereby amended and reenacted and R.S. 22:821(40) is hereby enacted to read as follows:

SUBPART S. CAPTIVE INSURANCE COMPANIES

§550.1. Purpose and short title

The purpose of this Subpart is to regulate the formation and operation of domestic captive insurance companies within the state of Louisiana. This Subpart

1 may be known and cited as the "Creating Holistic Options in Coverage for Enterprise  
 2 and Self-Insurance Law" or "CHOICES Law".

3 §550.2. Definitions

4 As used in this Subpart, unless the context otherwise requires, the following  
 5 definitions apply:

6 (1) "Affiliated company" means a company in the same corporate system as  
 7 its parent or a member organization by virtue of common ownership, control,  
 8 operation, or management.

9 (2) "Association" means any legal association of individuals, corporations,  
 10 limited liability companies, partnerships, associations, or other entities,  
 11 independently or in conjunction with some or all of its member organizations, doing  
 12 any of the following:

13 (a) Owning, controlling, or holding the power to vote all of the outstanding  
 14 voting securities of an association captive insurance company incorporated as a stock  
 15 insurer.

16 (b) Having complete voting control over an association captive insurance  
 17 company incorporated as a mutual insurer.

18 (c) Having complete voting control over an association captive insurance  
 19 company.

20 (d) Constituting all of the subscribers of an association captive insurance  
 21 company formed as a reciprocal insurer.

22 (3) "Association captive insurance company" means any company that  
 23 insures only the risks of the member organizations of the association, affiliated  
 24 companies of the member organizations, and the risks of the association itself.

25 (4) "Branch captive insurance company" means an alien captive insurance  
 26 company licensed by the commissioner to transact the business of insurance in this  
 27 state. For the purposes of this Subpart, a branch captive insurance company is the  
 28 same as a pure captive insurance company, as defined in this Section, with respect  
 29 to operations in this state unless otherwise permitted by the commissioner.

1           (5) "Captive insurance company" means any pure captive insurance  
2           company, association captive insurance company, risk retention group, or affiliated  
3           reinsurance company formed or licensed pursuant to this Subpart.

4           (6) "Cash equivalents" means any short-term, highly liquid investments that  
5           are both of the following:

6           (a) Readily convertible to known amounts of cash.

7           (b) So near their maturity that they present insignificant risks of changes in  
8           value due to changes in interest rates.

9           (7) "Commissioner" means the commissioner of insurance.

10          (8) "Common ownership and control" means the direct or indirect ownership  
11          of fifty-one percent or more of the outstanding voting stock of two or more  
12          corporations by the same member or members.

13          (9) "Controlled unaffiliated business" means a business that meets all of the  
14          following criteria:

15          (a) It is not in the corporate system of a parent and its affiliated companies,  
16          in the case of a pure captive insurance company.

17          (b) It has an existing contractual relationship with a parent or one of its  
18          affiliated companies, in the case of a pure captive insurance company.

19          (c) Risks are managed by a pure captive insurance company in accordance  
20          with R.S. 22:550.28.

21          (10) "Department" means the Department of Insurance.

22          (11) "Excess workers' compensation insurance" means, in the case of an  
23          employer that has insured or self-insured its workers' compensation risks in  
24          accordance with applicable state or federal law, insurance in excess of the specified  
25          per-incident or aggregate limit established by the commissioner.

26          (12) "Hazardous financial condition" means a present or reasonably  
27          anticipated financial condition in which a captive insurance company, although not  
28          yet financially impaired or insolvent, is unlikely to be able to do either of the  
29          following:

1                   (a) Meet obligations to policyholders with respect to known claims and  
 2                   reasonably anticipated claims.

3                   (b) Pay other obligations in the normal course of business.

4                   (13) "Member organization" means any corporation, partnership, association,  
 5                   or other form of business organization that belongs to an association. Political  
 6                   subdivisions, as defined in Article VI, Section 44 of the Constitution of Louisiana,  
 7                   are not eligible for membership in an association.

8                   (14) "Parent" means a corporation, limited liability company, partnership,  
 9                   other entity, or an individual who directly or indirectly owns, controls, or holds the  
 10                   power to vote more than fifty-one percent of the outstanding voting interests in  
 11                   connection with any of the following:

12                   (a) Securities of a pure captive insurance company organized as a stock  
 13                   corporation.

14                   (b) Membership interests of a pure captive insurance company organized as  
 15                   a nonprofit corporation.

16                   (c) Membership interests of a captive insurance company organized as a  
 17                   limited liability company.

18                   (15) "Pure captive insurance company" means any company that insures  
 19                   risks of its parent and affiliated companies or controlled unaffiliated businesses.

20                   (16) "Risk retention group" means a captive insurance company organized  
 21                   under the laws of this state pursuant to the Liability Risk Retention Act of 1986, 15  
 22                   U.S.C. 3901 et seq., as amended, as a stock corporation, a mutual corporation, a  
 23                   reciprocal, or other limited liability entity.

24                   (17) "Stock insurer" means an incorporated insurer with issued and  
 25                   outstanding stock whose capital and surplus is owned by its stockholders.

26                   §550.3. Applicability of other provisions

27                   A. The terms and conditions set forth in R.S. 22:96 and Chapter 9 of this  
 28                   Title, R.S. 22:2001 et seq., pertaining to rehabilitation, liquidation, conservation,  
 29                   dissolution, and administrative supervision, apply to captive insurance companies  
 30                   licensed pursuant to this Subpart.

1                    B. The provisions of R.S. 22:72 regarding stock and mutual conversions  
 2                    apply to captive insurance companies licensed pursuant to this Subpart.

3                    C. The provisions of acquisition of control or merger with a domestic insurer  
 4                    provided for in the Insurance Holding Company System Regulatory Law, R.S.  
 5                    22:691.1 et seq., apply to captive insurance companies licensed pursuant to this  
 6                    Subpart.

7                    §550.4. Regulations

8                    The commissioner may promulgate rules in accordance with the  
 9                    Administrative Procedure Act as are necessary to implement and enforce the  
 10                   provisions of this Subpart.

11                   §550.5. Incorporation of a captive insurance company

12                   A. A captive insurance company may be incorporated as a stock corporation  
 13                   or a nonstock corporation pursuant to this Title, or may be formed as a limited  
 14                   liability company, partnership, limited partnership, statutory trust, or any lawful form  
 15                   of entity approved by the commissioner.

16                   B. A captive insurance company shall prepare articles of incorporation to be  
 17                   approved and recorded in the same manner as provided in Subpart A of Part I of this  
 18                   Chapter, R.S. 22:61 et seq. In determining whether to grant approval, the  
 19                   commissioner shall consider all of the following:

20                   (1) The character, reputation, financial standing, and purposes of the  
 21                   incorporators or organizers.

22                   (2) The character, reputation, financial responsibility, experience relating to  
 23                   insurance, and business qualifications of the officers and directors.

24                   (3) The competence of any person who, pursuant to a contract with the  
 25                   captive insurance company, will manage the affairs of the company.

26                   (4) The competence, reputation, and experience of the company's legal  
 27                   counsel relating to the regulation of insurance.

28                   (5) The company's business plan.

29                   (6) Such other aspects as the commissioner deems advisable.

1                    C. The articles of incorporation or bylaws of a captive insurance company  
 2                    shall require that a quorum of the board of directors consists of not less than one-half  
 3                    of the number of directors prescribed by the articles of incorporation or bylaws.

4                    D. The capital stock of a captive insurance company shall be issued at not  
 5                    less than par value.

6                    §550.6. Certificate of authority required to transact insurance

7                    A captive insurance company shall not transact the business of insurance in  
 8                    this state unless the captive insurance company first obtains a certificate of authority  
 9                    from the commissioner.

10                   §550.7. Application requirements; confidential information

11                   A. After incorporation, a captive insurance company shall apply to the  
 12                   commissioner for a certificate of authority. The application shall be certified by the  
 13                   initial board of directors of the captive insurance company and be accompanied by  
 14                   the fee as set forth in R.S. 22:821. Before receiving a certificate of authority, a  
 15                   captive insurance company shall file an application including all of the following:

16                    (1) A copy of its bylaws, organizational documents, and any other statements  
 17                    or documents required by the commissioner.

18                    (2) A financial statement that has been certified by two principal officers.

19                    (3) Biographical background information, on a form prescribed by the  
 20                    commissioner, for each person who controls, directly or indirectly, ten percent or  
 21                    more of the captive insurance company and for each director and officer in  
 22                    accordance with the requirements set forth in R.S. 22:41.3.

23                    (4) A plan of operation which clearly indicates the method of operation  
 24                    including all of the following items:

25                    (a) The types and limits of insurance that will be provided.

26                    (b) Pro forma financial statements for a period covering three years,  
 27                    including a balance sheet, income statement, and cash flow statement.

28                    (c) The amount and liquidity of assets relative to the risks to be assumed.

29                    (d) The expertise, experience, and character of the persons who will manage  
 30                    the company.

1                   (e) A description of the reinsurance program.

2                   (f) A description of the underwriting policy, including who will perform  
 3 such functions.

4                   (g) A description of the claims handling procedures, including who will  
 5 perform such functions.

6                   (h) A description of the investment policy.

7                   (i) A description of its ratemaking policies and procedures.

8                   (j) The adequacy of its programs providing for loss prevention by its parent  
 9 or member organizations.

10                  (k) The overall soundness of the plan of operation.

11                  (5) A feasibility study or other analysis prepared by a qualified actuary.

12                  (6)(a) A description of the coverages, deductibles, coverage limits, and rates,  
 13 together with such additional information as the commissioner may reasonably  
 14 require.

15                  (b) If there is a subsequent material change in any item in the description,  
 16 the company shall submit an appropriate revision for approval and shall not offer any  
 17 additional kinds of insurance until a revision of the description is approved by the  
 18 commissioner. The company shall inform the adoption of such change.

19                  (7) Evidence of its beneficial ownership, sponsorship, or membership.

20                  (8) Such other factors deemed relevant by the commissioner in ascertaining  
 21 whether the proposed captive insurance company will be able to meet its policy  
 22 obligations.

23                  B. Each applicant shall pay to the commissioner nonrefundable fees in  
 24 application for an initial certificate of authority and for actuarial review pursuant to  
 25 R.S. 22:821. The commissioner may retain legal, financial, and examination services  
 26 from outside the department and may charge the reasonable cost of services to the  
 27 applicant. The provisions of Chapter 8 of this Title, R.S. 22:1981 et seq., apply to  
 28 examinations, investigations, and processing conducted pursuant to this Subsection.

29                  C.(1) In accordance with confidentiality provisions provided for in this Title,  
 30 information submitted pursuant to this Subsection, including any subsequent updates,

1 amendments, or revisions of or to such information, is confidential and shall not be  
 2 made public by the commissioner or an employee or agent of the commissioner  
 3 without the written consent of the company, except that the commissioner may  
 4 disclose, publish, or authorize the disclosure or publication of certain information for  
 5 the following purposes:

6 (a) In furtherance of legal or regulatory proceedings brought as a part of the  
 7 commissioner's official duties.

8 (b) To provide information to criminal law enforcement authorities for use  
 9 in the exercise of the commissioner's duties and authorities.

10 (c) To provide information to a public officer having jurisdiction over the  
 11 regulation of insurance with other state, federal, or international agencies, under the  
 12 following circumstances:

13 (i) The receiving public official shall agree in writing to maintain the  
 14 confidentiality of the information.

15 (ii) The laws of the state or foreign government in which the public official  
 16 serves require the information to be and to remain confidential.

17 (2)(a) Information submitted pursuant to this Section remains confidential  
 18 and shall not be made public by the commissioner or an employee or agent of the  
 19 commissioner without the written consent of the captive insurance company, except  
 20 as otherwise provided in this Subsection.

21 (b) The information may be discoverable by a party in a civil action or  
 22 contested case to which the captive insurance company that submitted the  
 23 information is a party, and the party seeking to discover the information shows all  
 24 of the following:

25 (i) The information sought is relevant to and necessary for the furtherance  
 26 of the action or case.

27 (ii) The information sought is unavailable from other nonconfidential  
 28 sources.

29 (iii) A subpoena issued by a judicial or administrative officer of competent  
 30 jurisdiction has been submitted to the commissioner.



1           D. Neither the commissioner nor any person who receives documents,  
2           material, or information pursuant to this Section while acting under the authority of  
3           the commissioner is required or permitted to testify in any private civil action  
4           concerning confidential documents, material, or information.

5           E. Nothing in this Section shall be construed to excuse the applicant from  
6           making any required disclosure pursuant to this Subpart.

7           §550.8. Initial examination and issuance of certificate of authority

8           Upon receipt of the application for certificate of authority, the commissioner  
9           shall cause an initial examination to be made of the captive insurance company. If,  
10           in the opinion of the commissioner, the examination shows the corporation to be duly  
11           organized with adequate capital and surplus to meet its policyholder obligations, and  
12           in compliance with all requirements of law, he shall notify the applicant and issue  
13           a certificate of authority.

14           §550.9. Change of information submitted with application

15           A captive insurance company shall notify the commissioner of any change  
16           to the plan of operation or other information submitted with the application within  
17           thirty days of the adoption of the change.

18           §550.10. Capital and surplus requirements

19           A. Prior to issuing policies of insurance or entering into any contracts of  
20           reinsurance, each pure captive insurance company shall possess and thereafter  
21           maintain unimpaired paid-in capital and surplus of not less than two hundred fifty  
22           thousand dollars and any additional capital or surplus required pursuant to  
23           Subsection F of this Section.

24           B. Prior to issuing any policies of insurance or entering into any contracts  
25           of reinsurance, each association captive insurance company shall possess and  
26           thereafter maintain unimpaired paid-in capital and surplus of not less than five  
27           hundred thousand dollars and any additional capital or surplus required pursuant to  
28           Subsection F of this Section.

29           C. Prior to issuing any policies of insurance or entering into any contracts  
30           of reinsurance, each risk retention group shall possess and thereafter maintain

1           unimpaired paid-in capital and surplus of not less than one million dollars and any  
2           additional capital or surplus required pursuant to Subsection F of this Section.

3           D. A branch captive insurance company shall maintain at all times an  
4           unimpaired paid-in capital and surplus requirement of two hundred and fifty  
5           thousand dollars or an amount determined by the commissioner pursuant to  
6           Subsection F of this Section. Additionally, as security for the payment of liabilities  
7           attributable to branch operations, the commissioner may require that a trust fund,  
8           funded by an irrevocable letter of credit or other acceptable asset, be established and  
9           maintained in the United States for the benefit of United States policyholders and  
10           ceding insurers. The amount of security required shall not be less than the capital  
11           and surplus requirement and the reserves on the insurance policies or reinsurance  
12           contracts.

13           E. Except as otherwise provided by the commissioner pursuant to Subsection  
14           F of this Section, the capital required to be maintained pursuant to this Section shall  
15           be in the form of cash, cash equivalents, bonds, marketable securities, a trust  
16           approved by the commissioner and pledged to the commissioner, or evidences of  
17           indebtedness which are direct general obligations of the government of the United  
18           States.

19           F. The commissioner may prescribe additional requirements relating to  
20           capital and surplus based on the type, volume, and nature of the insurance business  
21           that is transacted by the captive insurance company.

22           §550.11. Deposit required of association captive insurance companies

23           Before receiving a certificate of authority, all association captive insurance  
24           companies shall deposit with the commissioner a safekeeping or trust receipt from  
25           a bank located in the state and doing business within the state or from a savings and  
26           loan association chartered to do business in this state indicating that the association  
27           captive insurance company has deposited one hundred thousand dollars in money or  
28           bonds of the United States, the state of Louisiana, or any political subdivision  
29           thereof, of the par value of not less than one hundred thousand dollars. All securities  
30           deposited pursuant to this Section shall be held in trust for the benefit and protection

1 of and as security for all policyholders of the association captive insurance company  
 2 making the deposit.

3 §550.12. Suspension or revocation of certificate of authority; hearings

4 A. The commissioner may refuse, suspend, or revoke the certificate of  
 5 authority of a captive insurance company if, after an examination, the commissioner  
 6 determines that the captive insurance company meets any one of the following  
 7 conditions:

8 (1) Is insolvent or has impaired its required capital or surplus.

9 (2) Is in such condition that its further transaction of business in this state  
 10 would be hazardous to the policyholders, creditors, or the public.

11 (3) Has failed to meet a requirement of R.S. 22:550.10.

12 (4) Has refused or failed to submit an annual report, as required by R.S.  
 13 22:550.21, or any other report or statement required by law or by order of the  
 14 commissioner.

15 (5) Has failed to comply with the provisions of its charter or bylaws.

16 (6) Has failed to submit to an examination or has refused or failed to pay the  
 17 cost of an examination required pursuant to R.S. 22:550.22.

18 (7) Has used any method in transacting the business of insurance pursuant  
 19 to this Subpart which is detrimental to the operation of the captive insurance  
 20 company or would make its condition unsound with respect to its policyholders or  
 21 the general public.

22 (8) Has failed otherwise to comply with the laws of this state.

23 (9) Suspension or revocation of the certificate of authority of the captive  
 24 insurance company is in the best interest of its policyholders or the general public.

25 B. A captive insurance company whose certificate of authority has been  
 26 suspended, revoked, or refused shall not be subsequently authorized unless the  
 27 grounds for such suspension, revocation, or refusal no longer exist and the captive  
 28 insurance company is otherwise fully qualified.

1           C. An aggrieved party affected by the commissioner's decision, act, or order  
2           pursuant to this Section may demand a hearing in accordance with Chapter 12 of this  
3           Title, R.S. 22:2191 et seq.

4           §550.13. Authorized and prohibited types of insurance

5           A. Except as otherwise provided in this Section, a captive insurance  
6           company licensed pursuant to this Subpart may transact any form of insurance  
7           classified in R.S. 22:47.

8           B. A captive insurance company licensed pursuant to this Subpart shall  
9           comply with all of the following:

10           (1) The insurer shall not directly provide insurance classified as life; health  
11           and accident; title; credit life, health, and accident; credit property and casualty; or  
12           annuity as described in R.S. 22:47.

13           (2) The insurer shall not directly provide personal motor vehicle,  
14           homeowners' insurance coverage, or any other noncommercial line of coverage.

15           (3) The insurer shall not directly provide workers' compensation or  
16           employers' liability insurance coverage, except in connection with a self-funded  
17           insurance program as prescribed in this Section.

18           (4) The insurer shall not accept or cede reinsurance, except as otherwise  
19           provided in R.S. 22:550.17.

20           (5) The insurer may provide excess workers' compensation insurance to its  
21           parent and affiliated companies, unless otherwise prohibited by the laws of the state  
22           in which the insurance is transacted. Any captive insurance company, unless  
23           prohibited by federal law, may reinsure workers' compensation of a qualified  
24           self-insured plan of its parent or affiliated companies.

25           (6) The insurer may reinsure workers' compensation insurance provided  
26           pursuant to a program of self-funded insurance of its parent and affiliated companies  
27           if either one of the following applies:

28           (a) The parent or affiliated company providing the self-funded insurance is  
29           certified as a self-insured employer by the Louisiana Workforce Commission, if the  
30           insurance is being transacted in this state.

1                   **(b) The program of self-funded insurance is otherwise qualified pursuant to,**  
2                   **or in compliance with, the laws of the state in which the insurance is transacted.**

3                   **(7) A risk retention group shall not insure any risks other than those of its**  
4                   **members and owners.**

5                   **(8) Any captive insurance company may provide excess workers'**  
6                   **compensation insurance to its parent and affiliated companies, unless prohibited by**  
7                   **federal law or laws of the state having jurisdiction over the transaction. Any captive**  
8                   **insurance company, unless prohibited by federal law, may reinsure workers'**  
9                   **compensation of a qualified self-insured plan of its parent or affiliated companies.**

10                  **C. A pure captive insurance company shall not insure any risks other than**  
11                  **those of its parent and affiliated companies or controlled unaffiliated businesses.**

12                  **D. An association captive insurance company shall not insure any risks other**  
13                  **than those of the member organizations of its association and the affiliated**  
14                  **companies of the member organizations.**

15                  **E. An association captive insurance company shall not expose itself to loss**  
16                  **on any one risk in an amount which exceeds ten percent of the captive insurance**  
17                  **company's capital and surplus. A risk, or any portion thereof, which has been**  
18                  **reinsured shall be deducted in determining the limitation of risk prescribed in this**  
19                  **Section.**

20                  **F. An association captive insurance company shall maintain a ratio of actual**  
21                  **annual premiums written, net of reinsurance, to current capital and surplus less than**  
22                  **or equal to four to one.**

23                  **G. Notwithstanding the provisions of this Section, a captive insurance**  
24                  **company may obtain a certificate of authority to provide coverage for unrelated risks**  
25                  **if the commissioner deems that extraordinary circumstances exist which make the**  
26                  **provision of this coverage by a captive insurance company appropriate and in the**  
27                  **best interest of the public. In determining whether such extraordinary circumstances**  
28                  **exist, the commissioner shall consider all of the following factors:**

29                  **(1) The extent to which the particular coverage is available in the voluntary**  
30                  **market.**

1                   (2) The existence of a relationship between the parent of the captive  
 2                   insurance company and the proposed policyholders other than that of insurer to  
 3                   insured.

4                   (3) Whether the captive insurance company has sufficient capital and surplus  
 5                   to insure the proposed risks.

6                   (4) Any other factors which the commissioner deems appropriate.

7                   §550.14. Formation and meetings of board of directors; additional requirements to  
 8                   transact insurance

9                   A. The board of directors of a captive insurance company shall meet in  
 10                  accordance with the following standards:

11                  (1) The captive insurance company shall maintain its books and records in  
 12                  accordance with R.S. 22:68.

13                  (2) Prior to transacting insurance in this state, a captive insurance company  
 14                  shall do all of the following:

15                  (a) Make adequate arrangements with a bank located in this state that is  
 16                  authorized pursuant to state or federal law to transfer money.

17                  (b) Employ or enter into a contract with a natural person or business  
 18                  organization to manage the affairs of the captive insurance company that meets the  
 19                  standards of competence and experience satisfactory to the commissioner.

20                  (c) Employ or enter into a contract with a qualified and experienced certified  
 21                  public accountant that is approved by the commissioner or a firm of certified public  
 22                  accountants that is nationally recognized.

23                  (d) Employ or enter into a contract with qualified, experienced actuaries who  
 24                  are approved by the commissioner to perform reviews and evaluations of the  
 25                  operations of the captive insurance company.

26                  B. A captive insurance company shall not engage in any insurance business  
 27                  in this state unless it complies with all of the following:

28                  (1) It first obtains from the commissioner a certificate of authority  
 29                  authorizing it to do business in this state.

1                   (2) Its board of directors, committee of managers, or, in the case of a  
 2                   reciprocal insurer, its subscribers' advisory committee holds at least one meeting  
 3                   each year in this state, except for an association captive insurance company, whose  
 4                   board of directors shall meet at least quarterly each year.

5                   (3) It maintains its principal place of business in this state.

6                   (4) It appoints a registered agent to accept service of process and to  
 7                   otherwise act on its behalf in this state, provided that whenever the registered agent  
 8                   cannot with reasonable diligence be found at the registered office of the captive  
 9                   insurance company, the commissioner shall be an agent of the captive insurance  
 10                  company upon whom any process, notice, or demand may be delivered as authorized  
 11                  service of process.

12                  §550.15. Payment of dividends

13                  A captive insurance company shall not pay dividends out of, or make any  
 14                  other distribution with respect to its capital or surplus, or both, unless the captive  
 15                  insurance company has obtained the prior approval of the commissioner to make  
 16                  such a payment or distribution.

17                  §550.16. Investments; loan to parent or affiliated company in certain circumstances

18                  A. Except as otherwise provided in this Section, an association captive  
 19                  insurance company shall comply with the requirements relating to domestic insurer  
 20                  investments as set forth in Subpart B-1 of Part III of this Chapter, R.S. 22:601.1 et  
 21                  seq.

22                  B. A pure captive insurance company is not subject to any restrictions on  
 23                  allowable investments, except that the commissioner may prohibit or limit any  
 24                  investment that threatens the solvency or liquidity of the pure captive insurance  
 25                  company.

26                  C. A pure captive insurance company may make a loan to its parent or  
 27                  affiliated company if the loan meets each of the following requirements:

28                  (1) The loan is first approved in writing by the commissioner.

29                  (2) The loan is evidenced by a note that is in a form approved by the  
 30                  commissioner.

1                   (3) The loan does not include any money that has been set aside as capital  
2                   or surplus as required by R.S. 22:550.10.

3                   §550.17. Reinsurance; credit for reserves on risks or portions of risks in certain  
4                   circumstances; plan for workers' compensation deemed reinsurance in certain  
5                   circumstances

6                   A. A captive insurance company shall not provide reinsurance on risks ceded  
7                   by any other insurer without prior written approval of the commissioner.

8                   B. A captive insurance company may take credit for reserves on risks or  
9                   portions of risks ceded to a reinsurer, as authorized for domestic insurance  
10                  companies, and shall be in compliance with Subpart E of Part III of this Chapter,  
11                  R.S. 22:651 et seq.

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

23                  D. For the purposes of this Subpart, insurance provided by a captive  
24                  insurance company of any plan for workers' compensation of its parent and affiliated  
25                  companies which is certified or otherwise qualified in the state in which the  
26                  insurance is provided as a self-insurance plan shall be deemed to be reinsurance.

27                  §550.18. Captive insurance company prohibited from joining or contributing to risk-  
28                  sharing plan, risk pool, or insurance insolvency guaranty fund

29                  A. A captive insurance company shall not join or contribute financially to  
30                  any risk-sharing plan, risk pool, or insurance insolvency guaranty fund in this state.



1           A captive insurance company or its insured, its parent or an affiliated company, or  
 2           any member organization of its association shall not receive any benefit from such  
 3           a plan, pool, or fund for claims arising out of the operations of the captive insurance  
 4           company.

5           B. Any policy issued by an association captive insurance company shall  
 6           contain in at least fourteen-point boldface capital letters on the front page and the  
 7           declaration page, the following notice:

8   "NOTICE

9           THIS POLICY IS ISSUED BY A CAPTIVE INSURANCE COMPANY. YOUR CAPTIVE  
 10           INSURANCE COMPANY MAY NOT BE SUBJECT TO ALL OF THE INSURANCE  
 11           LAWS AND REGULATIONS OF YOUR STATE. STATE INSURANCE INSOLVENCY  
 12           GUARANTY FUNDS ARE NOT AVAILABLE FOR YOUR CAPTIVE INSURANCE  
 13           COMPANY."

14           §550.19. Prohibited acts regarding solicitation or sale

15                   A captive insurance company shall not engage in either of the following:

16                   (1) The solicitation or sale of insurance by an association captive insurance  
 17                   company to any person who is not eligible for membership in such association.

18                   (2) The solicitation or sale of insurance by, or operation of, a captive  
 19                   insurance company that is in a hazardous financial condition or is financially  
 20                   impaired.

21           §550.20. Prohibition on ownership by an insurance company

22                   A captive insurance company shall not do business in this state if an  
 23                   insurance company is directly or indirectly a member or owner of such captive  
 24                   insurance company, except when the members of the captive insurance company are  
 25                   all insurance companies.

26           §550.21. Annual report of financial condition to commissioner; regulations  
 27                   designating form; alternative date to file annual report

28                   Every captive insurance company licensed in this state shall file each of the  
 29                   following with the department:

1                   (1) Annually on or before March first, a statement of its financial condition  
 2                   for the year ending December thirty-first immediately preceding, and any  
 3                   amendment to the plan of operation at last year-end, verified by the oath of at least  
 4                   two of its executive officers. The statement shall be in the form prescribed by the  
 5                   commissioner.

6                   (2) Annually on or before June thirtieth, an audited statement of its financial  
 7                   condition prepared in accordance with generally accepted accounting principles in  
 8                   the United States for the year ending December thirty-first immediately preceding,  
 9                   including all of the following:

10                   (a) Report of an independent certified public accountant.

11                   (b) Balance sheet.

12                   (c) Income statement.

13                   (d) Statement of cash flows.

14                   (e) Statement of changes in capital and surplus.

15                   (f) Notes to financial statements.

16                   (g) Report of evaluation of internal controls.

17                   (h) Accountant's letter.

18                   (i) Actuarial analysis application.

19                   (3) An annual actuarial certification of loss reserves and loss expense  
 20                   reserves which includes an opinion of the adequacy of the loss reserves and loss  
 21                   expense reserves of the captive insurance company, in a format acceptable to the  
 22                   commissioner. The person that certifies the reserves shall be approved by the  
 23                   commissioner and shall be a qualified actuary as defined in the National Association  
 24                   of Insurance Commissioners Quarterly and Annual Statement  
 25                   Instructions—Property/Casualty.

26                   §550.22. Examination by commissioner

27                   A. If the commissioner determines it to be prudent, but not less frequently  
 28                   than once every five years, the commissioner shall cause an examination of each  
 29                   captive insurance company under the provisions of Chapter 8 of this Title, R.S.  
 30                   22:1981 et seq. The company or companies examined pursuant to R.S. 22:1981 et

1           seq. shall pay the expenses and charges of the examination to the commissioner. The  
2           Louisiana Public Records Law, R.S. 44:1 et seq., and confidentiality provisions in  
3           this Title apply to all documents, materials, information, privileged documents,  
4           examination reports, preliminary examination reports or results, working papers,  
5           recorded information and copies thereof, or other information that is produced by,  
6           obtained by, or disclosed to the commissioner or any other person in the course of  
7           an examination made pursuant to this Subpart.

8           B. In furtherance of the commissioner's duties, the commissioner may share  
9           and receive documents, materials, or other information pursuant to R.S. 22:2 and  
10          R.S. 22:1981 et seq.

11          §550.23. Taxes on premiums and assessments

12          A. Each captive insurance company shall pay to the commissioner on or  
13          before March first of each year a tax at the rate of fifteen-hundredths of one percent  
14          on the direct premiums collected or contracted for on policies or contracts of  
15          insurance written by the captive insurance company during the year ending the prior  
16          December thirty-first, after deducting from the direct premiums subject to the tax the  
17          amounts paid to policyholders as return premiums which shall include dividends on  
18          unabsorbed premiums or premium deposits returned or credited to policyholders.

19          B. Each captive insurance company shall pay to the commissioner on or  
20          before March first of each year a tax at the rate of two hundred fourteen-thousandths  
21          of one percent on the first twenty million dollars of assumed reinsurance premium,  
22          one hundred forty-three-thousandths of one percent on the next twenty million  
23          dollars, forty-eight-thousandths of one percent on the next twenty million dollars,  
24          and twenty-four-thousandths of one percent on each dollar thereafter. However, no  
25          reinsurance tax applies to premiums for risks or portions of risks that are subject to  
26          taxation on a direct basis pursuant to Subsection A of this Section. No reinsurance  
27          premium tax shall be payable in connection with the receipt of assets in exchange for  
28          the assumption of loss reserves and other liabilities of another insurer under common  
29          ownership and control if such transaction is part of a plan to discontinue the  
30          operations of such other insurer, and if the intent of the parties to such transaction

1           is to renew or maintain such business with the captive insurance company. No  
2           reinsurance premium tax shall be payable in connection with the receipt of assets in  
3           exchange for the assumption of loss reserves and other liabilities of a captive  
4           insurance company's parent or affiliates if the intent of such exchange is to renew or  
5           maintain such business with the captive insurance company.

6           C. The annual minimum aggregate tax to be paid by a captive insurance  
7           company calculated pursuant to Subsections A and B of this Section is seven  
8           thousand five hundred dollars. The annual maximum aggregate tax to be paid by a  
9           captive insurance company calculated pursuant to Subsections A and B of this  
10          Section is two hundred thousand dollars.

11          D. The reduction of tax in accordance with R.S. 22:832 does not apply to  
12          captive insurance companies.

13          E. A captive insurance company failing to make returns as required by this  
14          Section or failing to pay within the time required for all taxes assessed pursuant to  
15          this Section shall be subject to the provisions of R.S. 22:846.

16          F. Subject to the provisions of Subsection C of this Section, two or more  
17          captive insurance companies under common ownership and control shall be taxed  
18          as though they are a single captive insurance company.

19          G. The tax provided for in this Section constitutes all taxes collectible under  
20          the laws of this state from any captive insurance company, and no other occupation  
21          tax or other taxes shall be levied or collected from any captive insurance company  
22          by the state or any parish, city, or municipality within this state, except meals and  
23          rooms taxes, sales and use taxes, and ad valorem taxes on real and personal property  
24          used in the production of income.

25          H. The premium tax revenues collected pursuant to this Section shall be  
26          transferred annually to the department for the regulation of captive insurance  
27          companies pursuant to this Subpart.

28          I. The tax provided for in this Section shall be calculated on an annual basis,  
29          notwithstanding policies or contracts of insurance or contracts of reinsurance issued

1           on a multi-year basis. In the case of multi-year policies or contracts, the premium  
 2           shall be prorated for purposes of determining the tax pursuant to this Section.

3           J. As used in this Section, the following terms have the following meanings:

4           (1) "Common ownership and control" means ownership and control of two  
 5           or more captive insurance companies by the same person or group of persons.

6           (2) "Ownership and control" means the following:

7           (a) In the case of a stock corporation, the direct or indirect ownership of  
 8           eighty percent or more of the outstanding voting stock of the corporation.

9           (b) In the case of a mutual or nonprofit corporation, the direct or indirect  
 10          ownership of eighty percent or more of the surplus and the voting power of such  
 11          corporation.

12          (c) In the case of a limited liability company, the direct or indirect ownership  
 13          of eighty percent or more of the membership interests in the limited liability  
 14          company.

15          §550.24. Rates

16          A. Each captive insurance company shall file rates for property and casualty  
 17          lines of insurance in accordance with Subpart O of Part IV of Chapter 4 of this Title,  
 18          R.S. 22:1451 et seq., on an actuarially justified basis with the department and may  
 19          use the rates forty-five days after filing, unless the department disapproves the use  
 20          of rates within the forty-five-day period. For all other lines of insurance, captive  
 21          insurance companies shall file rates on an actuarially justified basis with the  
 22          department and may use the rates within the forty-five-day period.

23          B. A captive insurance company shall not be required to join a rating  
 24          organization.

25          §550.25. Policy forms

26          A. A captive insurance company shall not issue, deliver, or use a policy form  
 27          unless it has been filed with and approved by the commissioner.

28          B. Every such filing shall be made not less than forty-five days in advance  
 29          for any lines of insurance of any such issuance, delivery, or use. At the expiration  
 30          of forty-five days, the filed form shall be deemed approved unless prior thereto it has

1           been affirmatively approved or disapproved by order of the commissioner. The  
2           commissioner may extend by not more than an additional fifteen days the period  
3           within which he may affirmatively approve or disapprove a form by giving notice  
4           of the extension before expiration of the initial forty-five-day period. At the  
5           expiration of any extended period, and in the absence of prior affirmative approval  
6           or disapproval, a form shall be deemed approved. The commissioner may withdraw  
7           approval at any time for cause. Approval of a form by the commissioner constitutes  
8           a waiver of any unexpired portion of the initial fifteen-day waiting period.

9           §550.26. Conflict of interest

10           Each captive insurance company shall adopt a conflict of interest policy  
11           whereby officers, directors, and key personnel annually file a conflict of interest  
12           disclosure statement with the board of directors.

13           §550.27. Redomestication

14           A. Any foreign or alien insurer that qualifies for licensure as a captive  
15           insurance company in this state may redomesticate to this state by complying with  
16           all of the requirements of R.S. 22:550.5(B). A redomesticating captive insurance  
17           company shall ensure that its articles of incorporation, amendments, charter, and  
18           other organizational documents comply with R.S. 22:550.5(B) and any other  
19           applicable state law, and shall provide a certificate of compliance issued by the  
20           commissioner and a filing fee of ten dollars for each request. An insurer becoming  
21           a domestic captive insurance company through the redomestication process pursuant  
22           to this Section shall pay to the commissioner the fees as would otherwise be payable  
23           by a captive insurance company in accordance with R.S. 22:821 for organizing and  
24           becoming licensed or transacting business in this state. The commissioner may issue  
25           a conditional certificate of authority prior to the effective date of the redomestication  
26           in order to facilitate the transaction and provide notice of approval of the transaction  
27           to the outgoing jurisdiction.

28           B. Upon the approval of and compliance with conditions as may be imposed  
29           by the commissioner, any domestic captive insurance company may transfer its  
30           domicile, in accordance with the laws thereof, to any other state or jurisdiction and

1           upon such a transfer, shall cease to be a domestic captive insurance company, and  
2           its corporate or other legal existence in this state shall cease upon the filing of  
3           articles of incorporation with the commissioner, or upon a later date if a delayed  
4           effective date is specified in the articles of incorporation, accompanied by a  
5           certificate of approval of redomestication issued by the commissioner or analogous  
6           officer of the jurisdiction to which the captive insurance company is redomesticating,  
7           and upon payment of a filing fee to the commissioner. The redomesticating entity  
8           shall include, at a minimum, all of the following in its articles of incorporation:

9                   (1) The name, organizational form, date of formation, and jurisdiction of  
10                  formation of the redomesticating entity.

11                   (2) The jurisdiction to which the redomesticating entity will be transferring  
12                  its domicile and its name following the redomestication date.

13                   (3) The registered office and agent of the redomesticating entity following  
14                  the redomestication date.

15                   (4) A statement that the redomestication has been approved by the  
16                  appropriate vote of the shareholders or other owners of the redomesticating entity.

17                  C. Upon redomestication in accordance with this Section, the foreign or alien  
18                  insurer shall become a domestic captive insurance company organized under the  
19                  laws of this state with all rights, privileges, immunities, and powers to continue its  
20                  business and transact business in this state, and is subject to all applicable laws,  
21                  duties, and liabilities of a domestic captive insurance company in this state. The  
22                  redomesticated captive insurance company possesses all rights that were obtained  
23                  prior to the redomestication to the extent permitted by the laws of this state and is  
24                  responsible and liable for all liabilities and obligations that were obtained prior to the  
25                  redomestication. The certificate of authority, agents, appointments and licenses,  
26                  rates, and other items that the commissioner allows, in his discretion, that are in  
27                  existence at the time any insurer transfers its corporate domicile to this or any other  
28                  state or jurisdiction by redomestication pursuant to this Section, shall continue in full  
29                  force and effect upon the transfer. All outstanding policies of any transferring  
30                  insurer shall remain in full force and effect.

1           §550.28. Rules for controlled unaffiliated businesses

2                   The commissioner may adopt rules establishing standards to ensure that a  
3           parent or its affiliated company is able to exercise control of the risk management  
4           function of any controlled unaffiliated business to be insured by a pure captive  
5           insurance company, provided that until such time as rules pursuant to this Section  
6           are adopted by the commissioner, the commissioner may approve the coverage of  
7           such risks by a pure captive insurance company.

8           §550.29. Branch captive insurance companies

9                   A. As used in this Section, unless the context requires otherwise, the  
10           following definitions apply:

11                   (1) "Alien captive insurance company" means any insurance company  
12           formed to write insurance business for its parents and affiliates and licensed pursuant  
13           to the laws of an alien jurisdiction which imposes statutory or regulatory standards  
14           in a form acceptable to the commissioner on companies transacting the business of  
15           insurance in such jurisdiction.

16                   (2) "Branch business" means any insurance business transacted by a branch  
17           captive insurance company in this state.

18                   (3) "Branch captive insurance company" means any alien captive insurance  
19           company that has obtained a certificate of authority from the commissioner to  
20           transact the business of insurance in this state through a business unit with a  
21           principal place of business in this state.

22                   (4) "Branch operations" mean any business operations of a branch captive  
23           insurance company in this state.

24                   B. In the case of a branch captive insurance company, as security for the  
25           payment of liabilities attributable to the branch operations, the commissioner shall  
26           require that either a trust fund funded by assets acceptable to the commissioner or  
27           an irrevocable letter of credit be established and maintained in the United States for  
28           the benefit of United States policyholders and United States ceding insurers under  
29           insurance policies issued or reinsurance contracts issued or assumed by the branch  
30           captive insurance company through its branch operations. The amount of such



1 security shall be no less than the amount set forth in R.S. 22:550.10 and the reserves  
2 on such insurance policies or reinsurance contracts, including reserves for losses,  
3 allocated loss adjustment expenses, incurred but not reported losses, and unearned  
4 premiums with regard to business written through the branch operations; however,  
5 the commissioner may permit a branch captive insurance company that is required  
6 to post security for loss reserves on branch business by its reinsurer to reduce the  
7 funds in the trust account or the amount payable under the irrevocable letter of credit  
8 described in Subsection E of this Section by the same amount if the security remains  
9 posted with the reinsurer. If the form of security selected is a letter of credit, the  
10 letter of credit shall be established, issued, or confirmed by a bank chartered in this  
11 state or a member bank of the Federal Reserve System.

12 C. A branch captive insurance company shall not be issued a certificate of  
13 authority unless it possesses and thereafter maintains, as security for the payment of  
14 liabilities attributable to the branch operations, both of the following:

15 (1) An amount equal to the amount set forth in R.S. 22:550.10 as the  
16 minimum capital requirement for a pure captive insurance company.

17 (2) Reserves on such insurance policies or such reinsurance contracts as may  
18 be issued or assumed by the branch captive insurance company through its branch  
19 operations, including reserves for losses, allocated loss adjustment expenses,  
20 incurred but not reported losses, and unearned premiums with regard to business  
21 written through the branch operations; however, the commissioner may permit a  
22 branch captive insurance company to credit against any such reserve requirement any  
23 security for loss reserves that the branch captive insurance company may post with  
24 a ceding insurer or that may be posted by a reinsurer with the branch captive  
25 insurance company, in either case as long as such security remains posted.

26 D. A branch captive insurance company is considered a pure captive  
27 insurance company with respect to operations in this state.

28 E. Subject to the prior approval of the commissioner, the amounts required  
29 in Subsection B of this Section may be held in the form of any of the following:

1                   (1) A trust formed under a trust agreement and funded by assets acceptable  
 2                   to the commissioner.

3                   (2) An irrevocable letter of credit issued or confirmed by a bank in this state  
 4                   and approved by the commissioner.

5                   (3) With respect to the amounts required in Subsection B of this Section  
 6                   only, cash on deposit with the commissioner.

7                   (4) Any combination of the funds prescribed in this Subsection.

8                   F. Prior to March first of each year, or by March fifteenth after its fiscal year  
 9                   end with the approval of the commissioner, a branch captive insurance company  
 10                   shall file with the commissioner a copy of all reports and statements required to be  
 11                   filed under the laws of the jurisdiction in which the alien captive insurance company  
 12                   is formed, verified by oath of two of its executive officers. If the commissioner is  
 13                   satisfied that the annual report filed by the alien captive insurance company in its  
 14                   domiciliary jurisdiction provides adequate information concerning the financial  
 15                   condition of the alien captive insurance company, the commissioner may waive the  
 16                   requirement for completion of the captive annual statement for business written in  
 17                   the alien jurisdiction.

18                   G.(1) The examination of a branch captive insurance company pursuant to  
 19                   R.S. 22:550.22 shall be of branch business and branch operations only, as long as the  
 20                   branch captive insurance company provides annually to the commissioner a  
 21                   certificate of compliance, or its equivalent, issued by or filed with the licensing  
 22                   authority of the jurisdiction in which the branch captive insurance company is  
 23                   formed, and demonstrates to the commissioner's satisfaction that it is operating in  
 24                   sound financial condition in accordance with all applicable laws and regulations of  
 25                   such jurisdiction.

26                   (2) As a condition of licensure, the alien captive insurance company shall  
 27                   grant authority to the commissioner for examination of the affairs of the alien captive  
 28                   insurance company in the jurisdiction in which the alien captive insurance company  
 29                   is formed.

1           H. In the case of a branch captive insurance company, the tax provided for  
2           in R.S. 22:550.23 applies only to the branch business of the company.

3           I. All documents, materials, or other information, including confidential and  
4           privileged documents, examination reports, preliminary examination reports or  
5           results, working papers, recorded information, and copies thereof that are produced  
6           or obtained by, or disclosed to the commissioner or any other person in the course  
7           of an examination pursuant to this Subpart, are confidential and privileged in  
8           accordance with the Louisiana Public Records Law, R.S. 44:1 et seq., examinations  
9           pursuant to Chapter 8 of this Title, R.S. 22:1981 et seq., and confidentiality  
10          provisions in this Title.

11          J. In furtherance of the commissioner's duties, the commissioner may share  
12          and receive documents, materials, or other information pursuant to Louisiana Public  
13          Records Law, R.S. 44:1 et seq., examinations pursuant to Chapter 8 of this Title, R.S.  
14          22:1981 et seq., and confidentiality provisions in this Title.

15          §550.30. Affiliated reinsurance companies

16          A. An affiliated reinsurance company is subject to the provisions of this  
17          Subpart and applicable department rules and regulations. If there is a conflict  
18          between the provisions of this Subpart and the provisions of this Section, the  
19          provisions of this Section shall control.

20          B. As used in this Section, the following definitions apply:

21          (1) "Affiliated reinsurance company" means a company licensed by the  
22          commissioner pursuant to this Subpart to reinsure risks ceded by one or more ceding  
23          insurers that are affiliated companies. Subject to the prior approval of the  
24          commissioner, not more than ten percent of the risks reinsured may be ceded by  
25          ceding insurers that are not affiliated companies.

26          (2) "Ceding insurer" means an insurance company approved by the  
27          commissioner and licensed or otherwise authorized to transact the business of  
28          insurance or reinsurance in its state or country of domicile, which cedes risk to an  
29          affiliated reinsurance company pursuant to a reinsurance contract.

1                   (3) "Organizational documents" means the affiliated reinsurance company's  
2                   articles of incorporation and bylaws and such other documents subject to approval  
3                   by the commissioner.

4                   (4) "Reinsurance contract" means a contract between an affiliated reinsurance  
5                   company and a ceding insurer in which the affiliated reinsurance company agrees to  
6                   provide reinsurance to the ceding insurer.

7                   C.(1) An affiliated reinsurance company shall only reinsure the risks of a  
8                   ceding insurer. An affiliated reinsurance company may cede the risks assumed under  
9                   a reinsurance contract to another reinsurer, subject to the prior approval of the  
10                  commissioner.

11                  (2) In conjunction with the issuance of a certificate of authority to an  
12                  affiliated reinsurance company, the commissioner may issue an order that includes  
13                  any provisions, terms, and conditions regarding the organization, licensing, and  
14                  operation of the affiliated reinsurance company that are deemed appropriate by the  
15                  commissioner and that are not inconsistent with the provisions of this Subpart.

16                  (3) To qualify for a certificate of authority, an affiliated reinsurance company  
17                  is subject to, in addition to the requirements of R.S. 22:550.5, 550.7, 550.13, and  
18                  550.14, disclosing of all of the following:

19                  (a) The source and form of the affiliated reinsurance company's capital and  
20                  surplus.

21                  (b) The investment policy of the affiliated reinsurance company, which shall  
22                  provide for a diversified investment portfolio both as to type and issue and shall  
23                  include a requirement for liquidity and for the reasonable preservation,  
24                  administration, and management of such assets with respect to the risks associated  
25                  with any reinsurance transactions.

26                  (c) Copies of all agreements and documentation, including reinsurance  
27                  agreements unless otherwise approved by the commissioner, and any other  
28                  statements or documents required by the commissioner to evaluate the affiliated  
29                  reinsurance company's application for a certificate of authority.

1                   D.(1) An affiliated reinsurance company may be incorporated as a stock  
2                   insurer with its capital divided into shares, or in such other organizational form as  
3                   may be approved by the commissioner.

4                   (2) An affiliated reinsurance company's organizational documents shall limit  
5                   the affiliated reinsurance company's authority to the transaction of the business of  
6                   insurance or reinsurance and to those activities that the affiliated reinsurance  
7                   company conducts to accomplish its purposes as expressed in this Subpart.

8                   E. An affiliated reinsurance company shall not be issued a certificate of  
9                   authority unless it possesses and thereafter maintains unimpaired paid-in capital and  
10                  surplus of not less than five million dollars. The commissioner may prescribe  
11                  additional capital and surplus based upon the type, volume, and nature of reinsurance  
12                  business transacted. Except as otherwise provided in this Section, the provisions of  
13                  risk-based capital provided for in Subpart C of Part III of this Chapter, R.S. 22:611  
14                  et seq., apply in full to an affiliated reinsurance company.

15                  F.(1) An affiliated reinsurance company shall only reinsure the risks of a  
16                  ceding insurer, pursuant to a reinsurance contract. An affiliated reinsurance company  
17                  shall not issue a contract of insurance or a contract for assumption of risk or  
18                  indemnification of loss other than a reinsurance contract.

19                  (2) The reinsurance contract shall contain all provisions reasonably required  
20                  or approved by the commissioner, which requirements shall take into account the  
21                  laws applicable to the ceding insurer in this Title regarding the ceding insurer's  
22                  taking credit for the reinsurance provided under the reinsurance contract.

23                  (3) An affiliated reinsurance company may cede risks assumed through a  
24                  reinsurance contract to one or more reinsurers through the purchase of reinsurance,  
25                  subject to the prior approval of the commissioner. Except as otherwise provided in  
26                  this Section, the provisions for reinsurance of risks apply in full to an affiliated  
27                  reinsurance company.

28                  (4) Unless otherwise approved in advance by the commissioner, a reinsurance  
29                  contract shall not contain any provision for payment by the affiliated reinsurance

1           company in discharge of its obligations under the reinsurance contract to any person  
2           other than the ceding insurer or any receiver of the ceding insurer.

3           (5) An affiliated reinsurance company shall notify the commissioner  
4           immediately of any action by a ceding insurer or any other person to foreclose on or  
5           otherwise take possession of collateral provided by the affiliated reinsurance  
6           company to secure any obligation of the affiliated reinsurance company.

7           G.(1) The assets of an affiliated reinsurance company shall be preserved and  
8           administered by or on behalf of the affiliated reinsurance company to satisfy the  
9           liabilities and obligations of the affiliated reinsurance company incident to the  
10          reinsurance contract and other related agreements.

11          (2) The commissioner may prohibit or limit any investment that threatens the  
12          solvency or liquidity of the affiliated reinsurance company unless the investment is  
13          otherwise approved in its plan of operation or in an order issued to the affiliated  
14          reinsurance company pursuant to Subsection C of this Section.

15          H.(1) For the purposes of R.S. 22:550.21, both of the following apply:

16          (a) Each affiliated reinsurance company shall file its report in the form  
17          required by examinations and reports in this Title, and each affiliated reinsurance  
18          company shall comply with the requirements set forth in National Association of  
19          Insurance Commissioners filing requirements provided for in this Title.

20          (b) An affiliated reinsurance company shall report using statutory accounting  
21          principles in accordance with the National Association of Insurance Commissioner's  
22          Accounting Practices and Procedures Manual. Reporting shall be in the general form  
23          and context, as approved by, and shall contain any other information required by, the  
24          National Association of Insurance Commissioners, with any useful or necessary  
25          modifications or adaptations thereof approved or accepted by the commissioner for the  
26          type of insurance and kinds of insurers to be reported upon, and as supplemented by  
27          additional information required by the commissioner.

28          (2) Unless otherwise approved in advance by the commissioner, an affiliated  
29          reinsurance company shall maintain its books, records, documents, accounts,  
30          vouchers, and agreements in this state. An affiliated reinsurance company shall make

1           its books, records, documents, accounts, vouchers, and agreements available for  
2           inspection by the commissioner at any time. An affiliated reinsurance company shall  
3           keep its books and records in a manner that its financial condition, affairs, and  
4           operations can be readily ascertained so that the commissioner may readily verify its  
5           financial statements and determine its compliance with this Subpart.

6           (3) Unless otherwise approved in advance by the commissioner, all books,  
7           records, documents, accounts, vouchers, and agreements shall be preserved and kept  
8           available in this state for the purpose of examination and inspection and until such  
9           time as the commissioner approves the destruction or other disposition of such  
10          books, records, documents, accounts, vouchers, and agreements. If the commissioner  
11          approves the keeping outside this state of the items listed in this Paragraph, the  
12          affiliated reinsurance company shall maintain in this state a complete and true copy  
13          of each such item. Books, records, documents, accounts, vouchers, and agreements  
14          may be photographed, reproduced on film, or electronically stored and reproduced.

15          (4) The provisions of annual financial reporting and qualified accountants of  
16          this Title apply in full to an affiliated reinsurance company in accordance with this  
17          Subpart.

18          I. Except as otherwise provided in this Section, the provisions of holding  
19          companies and subsidiaries in this Title apply in full to an affiliated reinsurance  
20          company.

21          J. Except as otherwise provided in this Section, the provisions of corporate  
22          governance and disclosure in this Title apply in full to an affiliated reinsurance  
23          company.

24          K. Except as otherwise provided in this Section, the provisions of own risk  
25          and solvency assessment in this Title apply in full to an affiliated reinsurance  
26          company.

27          L. Except as otherwise provided in this Section, the provisions of  
28          requirements for actuarial opinions in this Title apply in full to an affiliated  
29          reinsurance company.

1           M.(1) The examination provisions of R.S. 22:1981 and the confidentiality  
2           provisions of this Title and the Louisiana Public Records Law, R.S. 44:1 et seq.,  
3           apply to all documents, materials, and other information, including confidential and  
4           privileged documents, examination reports, preliminary examination reports or  
5           results, working papers, recorded information, and copies of any of these produced  
6           or obtained by, or disclosed to the commissioner or any other person in the course  
7           of an examination made pursuant to this Subpart.

8           (2) In furtherance of the commissioner's regulatory duties, the commissioner  
9           may share and receive documents, materials, or other information pursuant to  
10          relevant provisions of confidentiality and information-sharing agreements in  
11          accordance with this Subpart.

12          §550.31. Dormant captive insurance companies

13           A. As used in this Section, unless the context requires otherwise, "dormant  
14           captive insurance company" means a captive insurance company that has ceased  
15           transacting the business of insurance, including the issuance of insurance policies,  
16           and has no remaining liabilities associated with insurance business transactions or  
17           insurance policies issued prior to the filing of its application for a certificate of  
18           dormancy pursuant to this Section.

19           B. A captive insurance company domiciled in this state that meets the criteria  
20           of Subsection A of this Section may apply to the commissioner for a certificate of  
21           dormancy. The certificate of dormancy is subject to renewal every five years and  
22           shall be forfeited if not renewed within such time.

23           C. A dormant captive insurance company that has been issued a certificate  
24           of dormancy shall do all of the following:

25           (1) Possess and thereafter maintain unimpaired, paid-in capital and surplus  
26           of not less than twenty-five thousand dollars; however, if the dormant captive  
27           insurance company had never capitalized, it is not required to add capital upon  
28           entering dormancy.



1                   (2) Prior to March first of each year, submit to the commissioner a report of  
2                   its financial condition, verified by oath of two of its executive officers, in a form that  
3                   may be prescribed by the commissioner.

4                   (3) Pay a certificate of authority reactivation application fee of five hundred  
5                   dollars in accordance with R.S. 22:821.

6                   D. A dormant captive insurance company is not subject to or liable for the  
7                   payment of any tax pursuant to R.S. 22:550.23 of this Subpart.

8                   E. A dormant captive insurance company shall apply to the commissioner for  
9                   approval to surrender its certificate of dormancy and resume conducting the business  
10                  of insurance prior to issuing any insurance policies.

11                  F. The commissioner shall revoke a certificate of dormancy if a dormant  
12                  captive insurance company no longer meets the criteria of Subsection A of this  
13                  Section.

14                  §550.32. Names of companies

15                  A captive insurance company shall adopt a name for the captive insurance  
16                  company only after such name is approved by the commissioner.

17   \*        \*        \*

18                  §821. Fees

19   \*        \*        \*

20                  B. The commissioner shall collect the following fees in advance:

21   \*        \*        \*

22                  (40) For captive insurance companies:

23                  (a) Fee for initial application for certificate of authority.....\$500.00

24                  (b) Fee for application of actuarial review .....\$6,000.00

25   \*        \*        \*

26                  Section 3. R.S. 44:4.1(B)(11) is hereby amended and reenacted to read as follows:

27                  §4.1. Exceptions

28   \*        \*        \*

29                  B. The legislature further recognizes that there exist exceptions, exemptions,  
30                  and limitations to the laws pertaining to public records throughout the revised

1 statutes and codes of this state. Therefore, the following exceptions, exemptions, and  
2 limitations are hereby continued in effect by incorporation into this Chapter by  
3 citation:

4 \* \* \*

5 (11) R.S. 22:2, 14, 31, 42.1, 88, 244, 263, 265, 461, 550.7, 550.22, 550.29,  
6 550.30, 571, 572, 572.1, 572.2, 574, 601.3, 618, 639, 691.4, 691.5, 691.6, 691.7,  
7 691.8, 691.9, 691.9.1, 691.10, 691.38, 691.56, 732, 752, 753, 771, 834, 972(D), 976,  
8 1008, 1019.2, 1203, 1460, 1464, 1466, 1483.1, 1488, 1546, 1559, 1566(D), 1644,  
9 1656, 1657.1, 1660.7, 1723, 1796, 1801, 1808.3, 1927, 1929, 1983, 1984, 2036,  
10 2045, 2056, 2085, 2091, 2293, 2303, 2508

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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: \_\_\_\_\_