

2025 Regular Session

HOUSE BILL NO. 635

BY REPRESENTATIVE BAMBURG AND SENATOR BASS

1 AN ACT

2 To amend and reenact Subpart S of Part I of Chapter 2 of Title 22 of the Louisiana Revised
3 Statutes of 1950, to be comprised of R.S. 22:550.1 through 550.32 and R.S.
4 44:4.1(B)(11) and to enact R.S. 22:821(40), relative to captive insurance companies;
5 to provide for definitions; to provide for application and regulation requirements; to
6 provide for capital and surplus requirements; to provide for confidentiality of certain
7 records; to provide a public records exception for certain records; to provide for
8 examinations; to provide for redomestication; to provide for dormancy; to require
9 for the payment of fees; and to provide for related matters.

10 Be it enacted by the Legislature of Louisiana:

11 Section 1. Section 2 of this Act amends and reenacts Subpart S of Part I of Chapter
12 2 of Title 22 of the Louisiana Revised Statutes of 1950 in its entirety. Due to the length of
13 the Subpart, present law is not included as overstruck text.

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

17 SUBPART S. CAPTIVE INSURANCE COMPANIES

18 §550.1. Purpose and short title

19 The purpose of this Subpart is to regulate the formation and operation of
20 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 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

11 * * *

SPEAKER OF THE HOUSE OF REPRESENTATIVES

PRESIDENT OF THE SENATE

GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: _____