

2016 Regular Session

HOUSE BILL NO. 520

BY REPRESENTATIVE CHAD BROWN

INSURANCE: Provides for deposits made by certain foreign insurers applying for admission in Louisiana

1 AN ACT

2 To amend and reenact R.S. 22:332(A)(13), 801, and 804(A), relative to the deposits made
3 by foreign insurers applying for admission in this state; to provide for a supplemental
4 deposit for the benefit of policyholders and creditors; and to provide for related
5 matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 22:332(A)(13), 801, and 804(A) are hereby amended and reenacted
8 to read as follows:

9 §332. Application for certificate of authority

10 A. A foreign or alien insurer in order to procure a certificate of authority to
11 transact business in this state shall prepare and deliver to the commissioner of
12 insurance:

13 * * *

14 (13)(a) A certificate from the proper official of the domiciliary state of the
15 company applying for admission to the state of Louisiana showing that a deposit has
16 been made in the domiciliary state of the foreign insurer in an amount of not less
17 than one hundred thousand dollars, as evidenced by a safekeeping or trust receipt,
18 for the benefit and protection of and as security for all policyholders and creditors
19 of the insurer making such deposit.

1 (b) In lieu of a deposit in the domiciliary state, the company may deposit
2 with the commissioner of insurance a safekeeping or trust receipt from a bank doing
3 business within the state or from a savings and loan association chartered to do
4 business in the state indicating that one hundred thousand dollars in money or
5 approved bonds of the United States, the state of Louisiana, or any political
6 subdivision thereof, of the market value of not less than one hundred thousand
7 dollars has been made for the benefit and protection of and as security for all
8 policyholders and creditors of the insurer. This deposit shall be in addition to the
9 deposit required by R.S. 22:801.

10 * * *

11 §801. General deposit; foreign and alien insurers

12 A. All foreign or alien insurers doing business in this state shall, subject to
13 the exceptions contained in R.S. 22:804, deposit with the commissioner of insurance
14 a safekeeping or trust receipt from a bank doing business within the state or from a
15 savings and loan association chartered to do business in this state indicating that one
16 hundred thousand dollars in money or in approved bonds of the United States, the
17 state of Louisiana, or any political subdivision thereof, of the market value of not
18 less than one hundred thousand dollars has been made. Such approval shall be made
19 by the commissioner of insurance.

20 B. Any foreign or alien insurer whose domiciliary deposit made in
21 compliance with R.S. 22:332(A)(13) is not held for the protection of policyholders
22 and creditors shall after January 1, 2017, comply with the provisions of R.S.
23 22:332(A)(13)(b).

24 * * *

25 §804. Exception

26 A. Any insurer having and maintaining one hundred thousand dollars
27 unimpaired capital stock, if a stock company, or one hundred thousand dollars
28 surplus above all liabilities if a mutual company, and maintaining five hundred
29 thousand dollars in approved securities on deposit with the proper official of its

1 home state, or state of entry if an alien insurer, or with its proper territorial officer
2 if domiciled in a United States territory to secure the payment of any policy claim
3 need ~~not~~ only comply with the provisions of ~~R.S. 22:801~~ R.S. 22:801(B), if
4 applicable.

5 * * *

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

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 520 Engrossed

2016 Regular Session

Chad Brown

Abstract: Requires foreign and alien insurers to make supplemental deposits for the benefit of policyholders and creditors.

Present law requires a foreign or alien insurer seeking a certificate of authority to transact business in Louisiana prepare and deliver to the commissioner a certificate from the proper official in the domiciliary state of the foreign insurer showing that a deposit has been made in the insurer's domiciliary state of not less than \$100,000.

Proposed law changes present law by requiring foreign or alien insurers to make a supplemental deposit with the commissioner a safekeeping or trust receipt from a bank doing business in the domiciliary state or from a savings and loan chartered to do business in Louisiana indicating that \$100,000 in money or approved bonds with a market value of not less than \$100,000 has been made for the benefit of all policyholders and creditors of the insurer. Further requires that all foreign and alien insurers shall comply with the new supplemental deposit requirement after January 1, 2017.

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

(Amends R.S. 22:332(A)(13), 801, and 804(A))

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Insurance to the original bill:

1. Make technical changes.