

House Bill 341 (AS PASSED HOUSE AND SENATE)

By: Representatives Rogers of the 26<sup>th</sup>, Heard of the 114<sup>th</sup>, and Harbin of the 118<sup>th</sup>

A BILL TO BE ENTITLED  
AN ACT

1 To amend Chapter 14 of Title 33 of the Official Code of Georgia Annotated, relating to  
2 domestic stock and mutual insurers, so as to provide for the establishment of limited purpose  
3 subsidiary life insurance companies; to provide for definitions; to provide for requirements;  
4 to provide for investment of funds; to provide for organization; to provide for reinsurance;  
5 to provide for applicability; to provide for promulgation of rules; to provide for related  
6 matters; to repeal conflicting laws; and for other purposes.

7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

8 SECTION 1.

9 Chapter 14 of Title 33 of the Official Code of Georgia Annotated, relating to domestic stock  
10 and mutual insurers, is amended by adding a new article to read as follows:

11 "ARTICLE 5

12 33-14-100.

13 As used in this article, the term:

14 (1) 'Limited purpose subsidiary' means a subsidiary life, accident, and sickness reinsurer  
15 that is organized under this article and is wholly owned by an organizing domestic  
16 reinsurer.

17 (2) 'Organizing domestic reinsurer' means a domestic life, accident, and sickness  
18 reinsurer that organizes a limited purpose subsidiary under this article.

19 (3) 'Reinsurer' means an insurer that:

20 (A) Is principally engaged in the business of reinsurance;

21 (B) Does not conduct a significant amount of direct insurance as a percentage of the  
22 insurer's net premiums; and

23 (C) Is not engaged on an ongoing basis in the business of soliciting direct insurance.

24 (4) 'Risk' means a risk that is associated with an insurance policy or annuity that is  
 25 assumed by an organizing domestic reinsurer and for which the organizing domestic  
 26 reinsurer is required to hold statutory reserves for the policy or annuity.

27 33-14-101.

28 A domestic life, accident, and sickness reinsurer may organize a domestic limited purpose  
 29 subsidiary pursuant to the provisions of this article.

30 33-14-102.

31 (a) Before assuming risk under a reinsurance agreement, a limited purpose subsidiary  
 32 must:

33 (1) Obtain from the Commissioner approval of the limited purpose subsidiary's plan of  
 34 operation; and

35 (2) Be granted a certificate of authority to engage in the business of reinsurance in  
 36 Georgia.

37 (b) A limited purpose subsidiary shall produce or disclose in its plan of operation,  
 38 amendments, and records, books, documents, reports, and other information that the  
 39 Commissioner requires the limited purpose subsidiary to produce or disclose under:

40 (1) This article;

41 (2) Rules adopted pursuant to this article; or

42 (3) An order pursuant to an examination performed in accordance with the provisions of  
 43 Chapter 2 of this title.

44 (c) The Commissioner shall examine domestic limited purpose subsidiaries pursuant to  
 45 Code Section 33-2-11.

46 33-14-103.

47 A limited purpose subsidiary that is granted a certificate of authority by the Commissioner  
 48 under this article:

49 (1) Is wholly owned by the organizing domestic reinsurer;

50 (2) Is authorized to engage in the business of reinsurance only for the lines of insurance  
 51 for which the organizing domestic reinsurer is authorized;

52 (3) May reinsure only risks of the organizing domestic reinsurer; and

53 (4) May access alternative forms of financing.

54 33-14-104.

55 An organizing domestic reinsurer may invest funds from the surplus of the organizing  
56 domestic reinsurer in a limited purpose subsidiary that is organized by the organizing  
57 domestic reinsurer pursuant to this article.

58 33-14-105.

59 The officers and directors of an organizing domestic reinsurer may serve as officers and  
60 directors of a limited purpose subsidiary organized by the organizing domestic reinsurer  
61 pursuant to this article.

62 33-14-106.

63 A limited purpose subsidiary may, upon approval of the Commissioner, reinsure the risks  
64 assumed by the limited purpose subsidiary.

65 33-14-107.

66 (a) Assets of a limited purpose subsidiary that are approved by the Commissioner as  
67 admitted assets must comply with requirements established by the Commissioner under  
68 rules adopted pursuant to this article.

69 (b) All other assets shall be nonadmitted.

70 33-14-108.

71 The following provisions of the Code do not apply to a limited purpose subsidiary  
72 organized under this article:

73 (1) Code Section 33-3-6;

74 (2) Code Section 33-3-7;

75 (3) Code Section 33-3-8;

76 (4) Code Section 33-7-14;

77 (5) Article 2 of Chapter 11 of this title;

78 (6) Code Section 33-13-4;

79 (7) Code Section 33-13-5;

80 (8) Code Section 33-14-40; and

81 (9) Chapter 56 of this title.

82 33-14-109.

83 (a) The Commissioner shall, before approving a limited purpose subsidiary under this  
84 article, adopt rules pursuant to Code Section 33-2-9 to implement this article.

- 85 (b) The rules adopted under subsection (a) of this Code section shall address, but not be  
86 limited to, the following concerning limited purpose subsidiaries:
- 87 (1) Requirements for organization of a limited purpose subsidiary;
  - 88 (2) Requirements for a plan of operation;
  - 89 (3) Capital, surplus, and risk-based capital requirements;
  - 90 (4) Requirements for reporting and notifications;
  - 91 (5) Requirements for reserves, including actuarial certification;
  - 92 (6) Requirements for authorized investments;
  - 93 (7) Requirements with respect to reinsurance ceded or assumed by the limited purpose  
94 subsidiary;
  - 95 (8) Requirements and restrictions for material transactions;
  - 96 (9) Requirements for dividends and distributions;
  - 97 (10) Requirements for operations; and
  - 98 (11) Conditions of, forms for, and approval of the financing of a limited purpose  
99 subsidiary."

100

**SECTION 2.**

101 All laws and parts of laws in conflict with this Act are repealed.