House Bill 348

By: Representatives Williamson of the 112th, Lumsden of the 12th, Tarvin of the 2nd, Burchett of the 176th, Hugley of the 141st, and others

A BILL TO BE ENTITLED

AN ACT

To amend Chapters 14 and 41 of Title 33 of the Official Code of Georgia Annotated, relating to domestic stock and mutual insurers and captive insurance companies, respectively, so as to expand the lines of insurance or reinsurance in which a limited purpose subsidiary and captive insurance company may engage; to provide for definitions; to provide for related matters; to provide for an effective date; to repeal conflicting laws; and for other purposes.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

SECTION 1.

Chapter 14 of Title 33 of the Official Code of Georgia Annotated, relating to domestic stock and mutual insurers, is amended in Article 5, relating to limited purpose subsidiary insurance companies, by revising Code Section 33-14-103, relating to powers of limited purpose subsidiary, as follows:

"33-14-103.

<u>(a) As used in this Code section, the term 'sponsor' means any entity that sponsors or co-sponsors the formation of a limited purpose subsidiary or the issuances of securities by a limited purpose subsidiary or participates in a limited purpose subsidiary as an investor or otherwise assists with the raising of equity or debt for a limited purpose subsidiary.</u>

(b) A limited purpose subsidiary that is granted a certificate of authority by the Commissioner under this article:

(1) Is wholly owned by the organizing domestic reinsurer or one or more sponsors;

(2) Is authorized to engage in the business of reinsurance only for the lines of insurance for which the organizing domestic reinsurer or a sponsor is authorized; and

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

~~(4)~~ May access alternative forms of financing."

SECTION 2.

Chapter 41 of said title, relating to captive insurance companies, is amended in Code Section 33-41-2, relating to definitions, by revising paragraph (6) as follows:

"(6) 'Controlled unaffiliated business' means:

(A) Any person:

(i) That is not in the corporate system of a parent and its affiliated companies;

(ii) That has ~~an existing~~ a reinsurance, risk-sharing, or other contractual relationship with a parent or one of its affiliated companies or is a direct or indirect investor in a pure captive insurance company; and

(iii) Whose risks are managed by or directly or indirectly ceded to a captive insurance company in accordance with this chapter and approved by the Commissioner; or

(B) A reinsurance arrangement with other captive insurance companies that is approved by the Commissioner."

SECTION 3.

Said chapter is further amended in Code Section 33-41-3, relating to permissible business and limitations, by revising subsection (a) as follows:

"(a) Subject to the provisions of subsection (c) of this Code section and the other provisions of this chapter, a captive insurance company, where permitted by its formation documents, may engage in the business of any ~~of the following kinds of~~ insurance or reinsurance~~:~~ that the Commissioner may deem reasonable.

~~(1) Casualty, as described in Code Section 33-7-3 but excluding accident and sickness insurance as defined in Code Section 33-7-2, except for a pure captive insurance company, which may engage in the business of accident and sickness insurance as defined in Code Section 33-7-2;~~

~~(2) Marine and transportation, as described in Code Section 33-7-5;~~

~~(3) Property, as described in Code Section 33-7-6; and~~

~~(4) Surety, as described in Code Section 33-7-7.~~"

SECTION 4.

This Act shall become effective on the first day of the month following the month in which it is approved by the Governor or upon its becoming law without such approval.

SECTION 5.

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