

1-1 By: Eltife S.B. No. 667
1-2 (In the Senate - Filed February 20, 2015;
1-3 February 24, 2015, read first time and referred to Committee on
1-4 Business and Commerce; March 30, 2015, reported favorably by the
1-5 following vote: Yeas 8, Nays 0; March 30, 2015, sent to printer.)

1-6 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-7				
1-8	X			
1-9	X			
1-10	X			
1-11	X			
1-12			X	
1-13	X			
1-14	X			
1-15	X			
1-16	X			

1-17 A BILL TO BE ENTITLED
1-18 AN ACT

1-19 relating to reinsurance, distributions, and pooling arrangements
1-20 by captive insurance companies.

1-21 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-22 SECTION 1. The heading to Section 964.052, Insurance Code,
1-23 is amended to read as follows:

1-24 Sec. 964.052. ~~[AUTHORITY TO PROVIDE]~~ REINSURANCE.

1-25 SECTION 2. Section 964.052, Insurance Code, is amended by
1-26 adding Subsection (e) to read as follows:

1-27 (e) Notwithstanding Section 964.064, a captive insurance
1-28 company, with the commissioner's approval, may accept risks from
1-29 and cede risks to or take credit for reserves on risks ceded to:

1-30 (1) a captive reinsurance pool composed only of other
1-31 captive insurance companies holding a certificate of authority
1-32 under this chapter or a similar law of another jurisdiction; or

1-33 (2) an affiliated captive insurance company holding a
1-34 certificate of authority under this chapter or a similar law of
1-35 another jurisdiction.

1-36 SECTION 3. Section 964.063, Insurance Code, is amended to
1-37 read as follows:

1-38 Sec. 964.063. ~~[NOTICE OF]~~ DIVIDENDS. (a) A captive
1-39 insurance company shall notify the commissioner in writing when
1-40 issuing policyholder dividends.

1-41 (b) A captive insurance company, with the commissioner's
1-42 approval, may issue dividends or distributions to the holders of an
1-43 equity interest in the captive insurance company. The commissioner
1-44 shall adopt rules to implement this subsection.

1-45 SECTION 4. Subchapter B, Chapter 964, Insurance Code, is
1-46 amended by adding Section 964.072 to read as follows:

1-47 Sec. 964.072. APPROVAL OF CAPTIVE REINSURANCE POOLS.
1-48 Before determining whether to approve a captive insurance company's
1-49 participation in a captive reinsurance pool under Section 964.052,
1-50 the commissioner may:

1-51 (1) require the captive insurance company provide to
1-52 the commissioner evidence that the captive reinsurance pool:

1-53 (A) is composed only of other captive insurance
1-54 companies holding a certificate of authority under this chapter or
1-55 a similar law of another jurisdiction; and

1-56 (B) will be able to meet the pool's financial
1-57 obligations; and

1-58 (2) impose any other limitation or requirement on the
1-59 captive insurance company that is necessary and proper to provide
1-60 adequate security for the captive insurance company.

1-61 SECTION 5. This Act takes effect immediately if it receives

2-1 a vote of two-thirds of all the members elected to each house, as
2-2 provided by Section 39, Article III, Texas Constitution. If this
2-3 Act does not receive the vote necessary for immediate effect, this
2-4 Act takes effect September 1, 2015.

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