

AN ACT

relating to credit to certain ceding insurers for reinsurance ceded to certain assuming insurers.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 492.104(b), Insurance Code, is amended to read as follows:

(b) The funds held as security:

(1) must be held in the United States subject to withdrawal solely by and under the exclusive control of the ceding insurer or, in the case of a trust, held in a qualified United States financial institution that has been granted the authority to operate with fiduciary powers; and

(2) may be in the form of:

(A) cash;

(B) securities that

~~[(i) are readily marketable over a national exchange,~~

~~[(ii) have a maturity date of not later than one year,~~

~~[(iii)]~~ are listed by the Securities Valuation Office of the National Association of Insurance Commissioners

~~[(iv)]~~ qualify as admitted assets;

(C) subject to Section 492.105, a clean,

1 irrevocable, unconditional letter of credit, issued or confirmed by  
2 a qualified United States financial institution that has been  
3 determined by the commissioner or the Securities Valuation Office  
4 of the National Association of Insurance Commissioners to meet the  
5 standards of financial condition and standing that are considered  
6 necessary and appropriate to regulate the quality of financial  
7 institutions whose letters of credit will be acceptable to the  
8 commissioner; or

9 (D) another form of security acceptable to the  
10 commissioner.

11 SECTION 2. Section 493.104(b), Insurance Code, is amended  
12 to read as follows:

13 (b) The funds held as security:

14 (1) must be held in the United States subject to  
15 withdrawal solely by and under the exclusive control of the ceding  
16 insurer or, in the case of a trust, held in a qualified United  
17 States financial institution that has been granted the authority to  
18 operate with fiduciary powers; and

19 (2) may be in the form of:

20 (A) cash;

21 (B) securities that[+]

22 [~~(i) are readily marketable over a national~~  
23 ~~exchange,~~

24 [~~(ii) have a maturity date of not later than~~  
25 ~~one year,~~

26 [~~(iii)~~] are listed by the Securities  
27 Valuation Office of the National Association of Insurance

1 Commissioners[+] and  
2 [~~iv~~] qualify as admitted assets;  
3 (C) subject to Section 493.105, a clean,  
4 irrevocable, unconditional letter of credit, issued or confirmed by  
5 a qualified United States financial institution that has been  
6 determined by the commissioner or the Securities Valuation Office  
7 of the National Association of Insurance Commissioners to meet the  
8 standards of financial condition and standing that are considered  
9 necessary and appropriate to regulate the quality of financial  
10 institutions whose letters of credit will be acceptable to the  
11 commissioner; or  
12 (D) another form of security acceptable to the  
13 commissioner.

14 SECTION 3. This Act applies to funds held as security on or  
15 after the effective date of this Act.

16 SECTION 4. This Act takes effect September 1, 2015.

\_\_\_\_\_  
President of the Senate

\_\_\_\_\_  
Speaker of the House

I hereby certify that S.B. No. 1093 passed the Senate on April 15, 2015, by the following vote: Yeas 30, Nays 0, one present not voting.

\_\_\_\_\_  
Secretary of the Senate

I hereby certify that S.B. No. 1093 passed the House on May 11, 2015, by the following vote: Yeas 123, Nays 1, two present not voting.

\_\_\_\_\_  
Chief Clerk of the House

Approved:

\_\_\_\_\_  
Date

\_\_\_\_\_  
Governor