

By: Creighton

S.B. No. 1093

A BILL TO BE ENTITLED

1 AN ACT

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

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

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

7 (b) The funds held as security:

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

13 (2) may be in the form of:

14 (A) cash;

15 (B) securities that[+]

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

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

20 ~~[(iii)]~~ are listed by the Securities
21 Valuation Office of the National Association of Insurance
22 Commissioners[+] and

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

24 (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 only to a reinsurance contract
15 that is entered into or renewed on or after January 1, 2016. A
16 reinsurance contract that is entered into or renewed before January
17 1, 2016, is governed by the law as it existed immediately before the
18 effective date of this Act, and that law is continued in effect for
19 that purpose.

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