

House Bill 348 (AS PASSED HOUSE AND SENATE)

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

A BILL TO BE ENTITLED  
AN ACT

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

6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

7 **SECTION 1.**

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

12 "33-14-103.

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

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

- 19 (1) Is wholly owned by the organizing domestic reinsurer or one or more sponsors;  
 20 (2) Is authorized to engage in the business of reinsurance only for the lines of insurance  
 21 for which the organizing domestic reinsurer or a sponsor is authorized; and  
 22 ~~(3) May reinsure only risks of the organizing domestic reinsurer; and~~  
 23 ~~(4) May access alternative forms of financing."~~

24 **SECTION 2.**

25 Chapter 41 of said title, relating to captive insurance companies, is amended in Code Section  
 26 33-41-2, relating to definitions, by revising paragraph (6) as follows:

27 "(6) 'Controlled unaffiliated business' means:

28 (A) Any person:

- 29 (i) That is not in the corporate system of a parent and its affiliated companies;  
 30 (ii) That has ~~an existing~~ a reinsurance, risk-sharing, or other contractual relationship  
 31 with a parent or one of its affiliated companies or is a direct or indirect investor in a  
 32 pure captive insurance company; and  
 33 (iii) Whose risks are managed by or directly or indirectly ceded to a captive insurance  
 34 company in accordance with this chapter and approved by the Commissioner; or  
 35 (B) A reinsurance arrangement with other captive insurance companies that is  
 36 approved by the Commissioner."

37 **SECTION 3.**

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

40 "(a) Subject to the provisions of subsection (c) of this Code section and the other  
 41 provisions of this chapter, a captive insurance company, where permitted by its formation

42 documents, may engage in the business of any of the following kinds of insurance or  
43 reinsurance: that the Commissioner may deem reasonable.

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

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

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

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

51 **SECTION 4.**

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

54 **SECTION 5.**

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