

HCS HB 577 -- CAPTIVE INSURANCE COMPANIES

SPONSOR: Yates

COMMITTEE ACTION: Voted "do pass" by the Committee on Insurance Policy by a vote of 12 to 0.

This substitute changes the laws regarding captive insurance companies and allows an association captive insurance company or an industrial insured captive insurance company to be organized as a reciprocal insurer. In its main provisions, the substitute:

- (1) Requires the captive insurance company's subscribers' advisory committee to meet at least once a year;
- (2) Removes the requirement that a captive insurance company hold at least 35% of its assets in Missouri;
- (3) Requires organizers of a reciprocal insurer to petition the Director of the Department of Insurance, Financial Institutions and Professional Registration to issue a certificate finding that the proposed association will promote the general good of the state;
- (4) Specifies that the captive insurance company statutes will control in cases where there is a conflict between them and the reciprocal insurance statutes;
- (5) Requires the State Treasurer to deposit 90% of the premium taxes collected from captive insurance companies and special purpose life reinsurance captive (SPLRC) companies into the General Revenue Fund and 10% into the Insurance Dedicated Fund, subject to a maximum of 3% of the current fiscal year's appropriation from the fund;
- (6) Allows an association captive insurance company or an industrial insured captive insurance company to be converted to or merged with and into a reciprocal insurer and specifies the requirements and procedures for the conversion or merger plan;
- (7) Reduces from two to one the number of Missouri residents required to incorporate or organize a SPLRC; and
- (8) Changes the way in which the assets of a SPLRC are valued.

FISCAL NOTE: Estimated Cost on General Revenue Fund of At least \$11,821 in FY 2010, FY 2011, and FY 2012. Estimated Income on Other State Funds of At least \$11,821 in FY 2010, FY 2011, and FY 2012.

PROPONENTS: Supporters say that the bill will bring more business to Missouri, make Missouri competitive with other states, increase the state's general revenue, and allow the department to market to other captive insurance companies.

Testifying for the bill were Representative Yates; Dana Wiele, Reinsurance Group of America; and Department of Insurance, Financial Institutions and Professional Registration.

OPPONENTS: There was no opposition voiced to the committee.