

Chapter No. 459
13/HR40/R1409SG
Cst / Gab

3/25/13
6:09 pm

HOUSE BILL NO. 748

Originated in House  Clerk

HOUSE BILL NO. 748

AN ACT TO AMEND SECTION 83-33-1, MISSISSIPPI CODE OF 1972, TO ALLOW ANY LEGAL ENTITY AUTHORIZED TO EXIST UNDER MISSISSIPPI LAW TO ENTER INTO AND EXCHANGE RECIPROCAL CONTRACTS; TO AMEND SECTION 83-33-3, MISSISSIPPI CODE OF 1972, TO ALLOW THE ATTORNEY TO BE A LIMITED LIABILITY COMPANY; TO AMEND SECTION 83-33-5, MISSISSIPPI CODE OF 1972, TO PROVIDE THAT THE DECLARATION SHALL SET FORTH THE NAME AND PRINCIPAL OFFICE ADDRESS OF THE RECIPROCAL AND THE NAME AND PRINCIPAL OFFICE ADDRESS OF THE ATTORNEY IN FACT OF THE RECIPROCAL; TO REDUCE THE NUMBER OF SEPARATE RISKS REQUIRED FROM 75 TO 10; TO AMEND SECTION 83-33-7, MISSISSIPPI CODE OF 1972, TO PROVIDE THAT THE RECIPROCAL MAY SUE OR BE SUED IN ITS OWN NAME; TO PROHIBIT SUBSCRIBERS FROM BEING SUED; TO AMEND SECTION 83-33-11, MISSISSIPPI CODE OF 1972, TO CLARIFY THAT THE CAPITAL, SURPLUS AND RESERVE REQUIREMENTS FOR A RECIPROCAL ARE THE SAME AS A STOCK COMPANY; TO AMEND SECTION 83-33-13, MISSISSIPPI CODE OF 1972, TO CLARIFY THAT THE RECIPROCAL MUST FILE THE REQUIRED ANNUAL STATEMENT; TO AMEND SECTION 83-33-15, MISSISSIPPI CODE OF 1972, TO CLARIFY THE TERM COMMISSIONER OF INSURANCE; TO AMEND SECTION 83-33-17, MISSISSIPPI CODE OF 1972, TO CLARIFY THAT THE INSURANCE LICENSE WILL BE HELD BY THE RECIPROCAL AND NOT THE ATTORNEY IN FACT; TO AMEND SECTION 83-33-19, MISSISSIPPI CODE OF 1972, TO CLARIFY THAT THE RECIPROCAL MUST PAY THE TAX ON PREMIUM RECEIPTS; TO CREATE NEW SECTION 83-33-21, MISSISSIPPI CODE OF 1972, TO PROVIDE THAT EVERY SUBSCRIBER MAY EXECUTE A SUBSCRIBER'S AGREEMENT AND POWER OF ATTORNEY; TO PROVIDE THAT IF A DOMESTIC RECIPROCAL REQUIRES EXECUTION THEN THE SUBSCRIBER IS BOUND BY THE EXECUTED AGREEMENT; TO PROVIDE THAT IF THE DOMESTIC RECIPROCAL DOES NOT REQUIRE EXECUTION, THEN THE SUBSCRIBER IS BOUND BY THE AGREEMENT APPROVED BY THE COMMISSIONER OF INSURANCE; TO CREATE NEW SECTION 83-33-23, MISSISSIPPI CODE OF 1972, TO PROVIDE FOR A BOARD OF

DIRECTORS TO GOVERN A RECIPROCAL; TO CREATE NEW SECTION 83-33-25, MISSISSIPPI CODE OF 1972, TO AUTHORIZE RECIPROCAL TO RETURN TO ITS SUBSCRIBERS ANY SAVINGS OR CREDITS ACCRUING TO THEIR ACCOUNTS; TO CREATE NEW SECTION 83-33-27, MISSISSIPPI CODE OF 1972, TO PROVIDE THAT A DOMESTIC RECIPROCAL MAY APPLY FOR AND SHALL RECEIVE A CERTIFICATE OF NONASSESSABILITY ALLOWING IT TO ISSUE NONASSESSABLE POLICIES IF IT HAS AND MAINTAINS A MINIMUM SURPLUS AT LEAST EQUAL TO THE MINIMUM CAPITAL AND SURPLUS REQUIRED OF A DOMESTIC STOCK INSURER; TO CREATE NEW SECTION 83-33-29, MISSISSIPPI CODE OF 1972, TO PROHIBIT DOMESTIC RECIPROCAL THAT HAVE NOT BEEN ISSUED A CERTIFICATE ALLOWING FOR THE ISSUANCE OF NONASSESSABLE POLICIES FROM ISSUING SUCH POLICIES; TO PROVIDE THE CONTINGENT ASSESSMENT LIABILITY REQUIREMENTS; TO CREATE NEW SECTION 83-33-31, MISSISSIPPI CODE OF 1972, TO PROVIDE REQUIREMENTS FOR COMPUTATION AND TIMING OF ASSESSMENTS; TO CREATE NEW SECTION 83-33-33, MISSISSIPPI CODE OF 1972, TO PROVIDE THAT SUBSCRIBERS ARE NOT PERSONALLY LIABLE FOR THE PAYMENT OF A RECIPROCAL'S DEBTS OR OBLIGATIONS; TO CREATE NEW SECTION 83-33-35, MISSISSIPPI CODE OF 1972, TO CLARIFY LICENSING REQUIREMENTS OF EMPLOYEES AND AGENTS OF A RECIPROCAL AND ITS ATTORNEY; TO CREATE NEW SECTION 83-33-37, MISSISSIPPI CODE OF 1972, TO ALLOW TWO OR MORE RECIPROCAL TO COMBINE INTO ONE RECIPROCAL IF APPROVED BY THE COMMISSIONER OF INSURANCE; TO AMEND SECTION 83-21-3, MISSISSIPPI CODE OF 1972, TO REVISE THE REQUIREMENTS FOR FOREIGN INSURANCE COMPANIES TO BE ADMITTED TO DO BUSINESS IN THE STATE OF MISSISSIPPI; AND FOR RELATED PURPOSES.

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

SECTION 1. Section 83-33-1, Mississippi Code of 1972, is amended as follows:

83-33-1. Individuals, partnerships * * *, corporations, limited liability companies, public hospitals, including community hospitals, and all other types of entities authorized to exist under the laws of this state, designated as subscribers, may exchange reciprocal or interinsurance contracts with each other or with individuals * * * and all types of entities authorized to exist under the laws of other states, territories, districts and countries, providing insurance or indemnity among themselves from

any loss which may be insured against under other provisions of the law except life insurance.

SECTION 2. Section 83-33-3, Mississippi Code of 1972, is amended as follows:

83-33-3. Such contracts may be executed by an attorney, agent, or other representative, herein designated attorney, duly authorized and acting for said subscribers, and such attorney may be a corporation or limited liability company. The office or offices of such attorney may be maintained at such place or places as may be designated by the subscribers in the power of attorney.

SECTION 3. Section 83-33-5, Mississippi Code of 1972, is amended as follows:

83-33-5. Such subscribers so contracting among themselves shall, through their attorney, file with the * * * Commissioner of Insurance a declaration verified by the oath of such attorney or, where such attorney is a corporation, by the oath of the proper officer thereof, setting forth:

(a) The name of the * * * reciprocal, which * * * name shall not be so similar to any name * * * adopted by any * * * insurance organization * * * authorized to write the same class of insurance * * * in this state as to confuse * * * or deceive.

(b) The address of the reciprocal's principal office;

(c) The name of the attorney and address of its principal office;

(* * *d) The kind or kinds of insurance to be effected or exchanged.

(* * *e) A copy of the form of policy contract or agreement under or by which such insurance is to be effected or exchanged.

(* * *f) A copy of the form of power of attorney or other authority of such attorney under which such insurance is to be effected or exchanged.

(* * *g) The location of office or offices from which such contracts or agreements are to be issued.

(* * *h) That applications have been made for indemnity upon at least * * * ten (10) separate risks aggregating not less than One Million Five Hundred Thousand Dollars (\$1,500,000.00), as represented by executed contracts or bona fide applications to become concurrently effective; or in case of employers' liability or similar classes of insurance, covering a total payroll of not less than Two Million Five Hundred Thousand Dollars (\$2,500,000.00).

(* * *i) That there is in the possession of such attorney and available for the payment of losses, assets conforming to Section 83-33-11.

(* * *j) A financial statement in form prescribed for the annual statement.

SECTION 4. Section 83-33-7, Mississippi Code of 1972, is amended as follows:

83-33-7. Any reciprocal doing business in this state may sue or be sued in its name as set forth in its certificate of authority or license. Concurrently with the filing of the declaration provided by the terms of Section 83-33-5, the attorney shall file with the * * * Commissioner of Insurance an instrument in writing, executed by him for said subscribers, conditioned that upon the issuance of certificates of authority provided in Section 83-33-17 action may be brought in the county in which the property or person insured thereunder is located, and service of process may be had upon the * * * Commissioner of Insurance in all suits in this state arising out of such policies, contracts, or agreements, which service shall be valid and binding upon * * * the reciprocal * * *. Three (3) copies of each process shall be served, and the Insurance * * * Department shall file one (1) copy, forward one (1) copy to said attorney, and return one (1) copy with his admission of service. All suits of every kind and description brought against such reciprocal must be brought against the reciprocal as such, and shall not and may not be brought against any of the subscribers thereto individually on account of their connection with or membership in such reciprocal, and must be brought in the manner and method above provided. A judgment rendered in any such case where service of process has been so had upon the * * * Commissioner of Insurance shall be valid and binding against * * * the reciprocal, and such judgment

may only be satisfied solely out of the funds * * * of the reciprocal.

SECTION 5. Section 83-33-11, Mississippi Code of 1972, is amended as follows:

83-33-11. (1) There shall be maintained at all times assets in cash or securities authorized by the laws of this state for the investment of funds of insurance companies doing the same kind of business, an amount equal to one hundred percent (100%) of the unearned premiums or deposits collected and credited to the accounts of subscribers, or fifty percent (50%) of the advance premiums or deposits collected and credited to the accounts of subscribers on policies having one (1) year or less to run, pro rata on those for longer periods. In addition to the foregoing sum in the case of liability insurance, there shall be maintained as a reserve assets sufficient to discharge all liabilities on all outstanding claims, both reported and incurred but not reported, arising under all policies issued, the same to be calculated on the basis of premiums or deposits as in this section defined and in accordance with the laws of the state relating to similar reserves for companies insuring similar risks. Premiums or deposits as used in this section shall be construed to mean the advance payments made by subscribers. If at any time the assets on hand are less than the foregoing requirements or less than One Hundred Thousand Dollars (\$100,000.00), whichever is the greater, where the attorney is exchanging contracts covering employers'

liability or similar classes of insurance, the * * * reciprocal shall make up the deficiency. Whenever such assets are less than the amount above required or less than Fifty Thousand Dollars (\$50,000.00), whichever is the greater, if the attorney is exchanging contracts other than those covering employers' liability or similar classes of insurance, the * * * reciprocal shall make up the deficiency.

(2) * * * Notwithstanding subsection (1) of this section, a reciprocal authorized to transact business under this chapter shall comply with the minimum capital, surplus and reserve requirements of a stock company writing similar lines of insurance.

SECTION 6. Section 83-33-13, Mississippi Code of 1972, is amended as follows:

83-33-13. Such * * * reciprocal shall, within the time limited for filing the annual report by insurance companies transacting the same kind of business, make a report to the * * * Commissioner of Insurance for each calendar year showing the financial condition of affairs at the office where such contracts are issued, and shall furnish such additional information and reports as may be required to show the total premiums or deposits collected, the total losses paid, the total amounts returned to subscribers, and the amounts retained for expenses, provided, however, that such * * * reciprocal shall not be required to furnish the names and addresses of any subscribers. The business

affairs and assets of such organization shall be subject to examination by the * * * Commissioner of Insurance at the expense of the office examined.

SECTION 7. Section 83-33-15, Mississippi Code of 1972, is amended as follows:

83-33-15. Any attorney who shall exchange any contracts of insurance of the kind and character specified in this chapter or any attorney or representative of such attorney who shall solicit or negotiate any application for same without the attorney first complying with the foregoing provisions shall be deemed guilty of a misdemeanor and, on conviction thereof, shall be subjected to a fine of not less than One Hundred Dollars (\$100.00) nor more than One Thousand Dollars (\$1,000.00). For the purpose of organization and upon issuance of permit by the * * * Commissioner of Insurance, powers of attorney may be solicited without license; but no attorney, agent, or other persons shall effect any such contracts of insurance until all the provisions of this chapter shall have been complied with.

SECTION 8. Section 83-33-17, Mississippi Code of 1972, is amended as follows:

83-33-17. Upon compliance with the foregoing requirements and the payment of the fees and taxes provided in this chapter, the * * * Commissioner of Insurance shall issue a certificate of authority to the * * * reciprocal. The * * * Commissioner of Insurance may revoke or suspend any certificate of authority

issued hereunder in case of breach of any of the conditions imposed by this chapter after reasonable notice has been given * * * to the reciprocal in writing, so that * * * the reciprocal may appear and show cause why such action should not be taken. Any * * * reciprocal who may have procured a certificate of authority hereunder may have the same renewed annually thereafter, provided that any certificate of authority issued shall continue in force and effect until a new certificate of authority is issued or specifically refused.

SECTION 9. Section 83-33-19, Mississippi Code of 1972, is amended as follows:

83-33-19. Such * * * reciprocal shall upon the issuance of the certificate of authority herein provided pay to the state the sum of Two Hundred Dollars (\$200.00), as provided in Section 27-15-83, and with the filing of the annual report herein provided shall pay an annual tax upon the gross premiums or deposits collected from subscribers in this state during the preceding calendar year, after deducting therefrom returns for cancellations, considerations for reinsurance, and all amounts returned to subscribers or credited to their account as savings, as provided in Section 27-15-103 et seq.

SECTION 10. The following shall be codified as Section 83-33-21, Mississippi Code of 1972:

83-33-21. (1) Every subscriber of a domestic reciprocal may execute a subscriber's agreement and power of attorney setting

forth the rights, privileges and obligations of the subscriber as an underwriter and as a policyholder, and the powers and duties of the attorney and reciprocal.

(2) If a domestic reciprocal requires execution of a subscriber's agreement and power of attorney by a subscriber, then the subscriber, by its execution, shall be bound by the terms and conditions of the subscriber's agreement and power of attorney.

(3) If a domestic reciprocal does not require execution of a subscriber's agreement and power of attorney, the reciprocal shall include on its policies a statement that the subscriber shall be bound by the terms and conditions of the then current subscriber's agreement and power of attorney on file with and as approved by the Commissioner of Insurance, and each subscriber shall by operation of law be bound by such subscriber's agreement and power of attorney as if individually executed by such subscriber. Without additional execution, notice or acceptance, every subscriber of a reciprocal agrees to be bound by any modification of the terms of the subscriber's agreement and power of attorney which is jointly made by the attorney and the board of directors and amendments thereto, which shall be on file with the attorney and Commissioner of Insurance, which shall become effective upon its approval by the Commissioner of Insurance, and which shall by operation of law bind all subscribers the same as if each subscriber adopted and executed the modified subscriber's agreement and power of attorney. No such modification shall be

effective retroactively, nor shall it affect any insurance contract issued prior to the modification. The Commissioner of Insurance's approval shall be deemed given if the subscriber's agreement and power of attorney or any amendment is not disapproved within thirty (30) days of its filing.

SECTION 11. The following shall be codified as Section 83-33-23, Mississippi Code of 1972:

83-33-23. The board of directors for the reciprocal shall have and exercise the ultimate power over the control and management of the affairs of the reciprocal, subject to the subscriber's agreement. The board of directors shall be selected under rules adopted by the subscribers. At least two-thirds (2/3) of the board of directors of a domestic reciprocal shall be composed of subscribers or representatives of subscribers, other than the attorney or any person employed by or having a financial interest in the attorney. An individual shall not be considered to be employed by or having a financial interest in the attorney if such individual is a subscriber or a representative of a subscriber of the reciprocal. The board of directors may also be referred to as a subscribers advisory committee, board of trustees or by such other name as the board chooses.

SECTION 12. The following shall be codified as Section 83-33-25, Mississippi Code of 1972:

83-33-25. A reciprocal may return to its subscribers any savings or credits accruing to their accounts.

SECTION 13. The following shall be codified as Section 83-33-27, Mississippi Code of 1972:

83-33-27. (1) A domestic reciprocal insurer may apply for a certificate to issue nonassessable policies of insurance. A nonassessable policy is a policy in which a subscriber may not be assessed pursuant to Sections 83-33-29 and 83-33-31. If a domestic reciprocal insurer has a surplus of assets over all liabilities at least equal to the minimum capital and surplus required to be maintained by a domestic stock insurer authorized to transact like kinds of insurance, upon application by the domestic reciprocal insurer the Commissioner of Insurance shall issue a certificate of nonassessability authorizing the insurer to omit provisions imposing contingent assessment liability in all policies delivered or issued or renewed.

(2) If a domestic reciprocal insurer's surplus of assets over all liabilities falls below the minimum capital and surplus required to be maintained by a domestic stock insurer authorized to transact like kinds of insurance, the Commissioner of Insurance may forthwith revoke the certificate of nonassessability. The revocation shall not render subject to contingent assessment liability any policy then in force.

SECTION 14. The following shall be codified as Section 83-33-29, Mississippi Code of 1972:

83-33-29. (1) Any domestic reciprocal insurer that has not been issued a certificate allowing it to issue nonassessable

policies as provided in Section 83-33-27 shall issue assessable policies. An assessable policy is a policy in which the insurer charges an initial premium but may later charge an additional premium in accordance with the provisions of this section and Section 83-33-31.

(2) The contingent assessment liability on any one (1) policy in any one (1) calendar year shall equal the premiums earned on the policy for that year multiplied by not less than one (1) nor more than ten (10) as set forth in the policy.

(3) The contingent assessment liability shall not be joint, but shall be individual and several.

(4) Each assessable policy issued by the insurer shall plainly set forth a statement of the contingent assessment liability on the front of the policy in capital letters in not less than ten point type.

SECTION 15. The following shall be codified as Section 83-33-31, Mississippi Code of 1972:

83-33-31. (1) Assessments may be levied against the subscribers of a domestic assessable reciprocal in accordance with Section 83-33-29.

(2) Any assessment levied against the subscribers of a domestic assessable reciprocal shall treat all subscribers equally in that each subscriber's assessment shall be at the same multiple of the subscriber's policies' individual earned premium for the period covered by the assessment. However, no assessment shall

exceed the aggregate contingent assessment liability computed in accordance with Section 83-33-29. For the purposes of this section, the premiums earned on the subscriber's policies are the gross premiums charged by the reciprocal for the policies, minus any charges not recurring upon the renewal or extension of the policies. No subscriber shall have an offset against any assessment for which the subscriber is liable on account of any claim for unearned premium or losses payable.

(3) Every subscriber of a domestic reciprocal having contingent assessment liability shall be liable for and shall pay the subscriber's share of any assessment computed in accordance with this section if, while such policy is in force, or within three (3) years after its termination, the subscriber is notified:

(a) By the reciprocal or the attorney of the reciprocal's intention to levy an assessment; or

(b) That delinquency proceedings have been instituted against the reciprocal under this title and the department or receiver intends to levy an assessment.

SECTION 16. The following shall be codified as Section 83-33-33, Mississippi Code of 1972:

83-33-33. No subscriber of a reciprocal shall be personally liable for the payment of the reciprocal's debts or obligations. Any judgment obtained against a reciprocal shall be binding and enforceable only upon and against the reciprocal and shall not be binding or enforceable upon or against any of the reciprocal's

subscribers. No legal action shall be allowed to be brought or maintained against the subscribers or insureds of a reciprocal for the payment of the reciprocal's debts or obligations; provided, however, nothing in this section shall diminish or eliminate a subscriber's contingent assessment liability under an assessable policy as provided in Sections 83-33-29 and 83-33-31.

SECTION 17. The following shall be codified as Section 83-33-35, Mississippi Code of 1972:

83-33-35. The provisions of this code regarding the appointment, licensing, qualification and regulation of insurance agents, brokers and solicitors, do not apply to the reciprocal or its attorney, nor to the salaried representatives of such reciprocal or attorney who receive no commissions, but do apply in the case of any agent, broker or solicitor of any reciprocal who receives any commission.

SECTION 18. The following shall be codified as Section 83-33-37, Mississippi Code of 1972:

83-33-37. Two (2) or more reciprocals may combine their assets and liabilities into one (1) reciprocal, subject to the approval of the Commissioner of Insurance.

SECTION 19. Section 83-21-3, Mississippi Code of 1972, is amended as follows:

83-21-3. (1) (a) No foreign insurance company, association, or other insurance entity, either stock, mutual, or reciprocal, shall be admitted to do business or granted a

certificate of authority or license to do business in this state unless and until such company or association shall have done business for a period of at least two (2) years in the state of its domicile, or unless such company seeking admission is the subsidiary or affiliate of a company already licensed in Mississippi.

(b) The Commissioner of Insurance may waive this requirement upon a written request by the applicant and a finding that the applicant meets the following criteria:

(i) The company provides a service that is considered underserved in the state;

(ii) The company has adequate capital and surplus;
and

(iii) The company possesses significant management and business experience in its respective line of business.

(2) No foreign stock insurance company shall be admitted or granted a certificate of authority or license to do business in this state unless its paid-up capital stock and its surplus at the time of licensing or renewal of license shall be equal to that required for the organization or incorporation of a like domestic company under the laws of this state.

(3) No foreign mutual or reciprocal insurance company or association shall be admitted or granted a certificate of authority or license to do business in this state unless, at the time of licensing or renewal of license, its surplus shall be

equal to that required by the laws of this state for the organization or formation of a like domestic insurance company or association.

(4) No foreign stock, mutual, or reciprocal insurance company or association, incorporated or organized under the laws of any state of the United States, shall be admitted to do business, or granted a certificate of authority, or have license therefor renewed until such company shall have deposited with the State Treasurer of this state securities in an amount not less than Fifty Thousand Dollars (\$50,000.00). Securities deposited in accordance with this section shall be classified as admitted assets for the purpose of determining eligibility of such securities. Provided, however, any company maintaining a deposit with the insurance regulatory authority or any other designated public official of its state of domicile, or of any other state, in trust for the benefit of all its policyholders, or policyholders and creditors, may be exempt from the deposit herein provided upon such company delivering to the * * * Commissioner of Insurance a certificate to such effect, duly authenticated by the appropriate state official holding such deposit. The commissioner may require in addition to the certification of deposit by the public official of its state of domicile an amount not less than Fifty Thousand Dollars (\$50,000.00) be deposited with the State Treasurer of this state. Any deposit made in this state under the provisions of this section shall be for the exclusive use and

benefit of policyholders, or policyholders and creditors, in this state; and such deposit shall not bar claim to other assets of the company by policyholders, or policyholders and creditors, in this state in the event of insolvency, receivership, or liquidation of the company.

Notwithstanding any other provision of law, the securities eligible for deposit under the insurance laws of this state relating to deposit of securities by an insurance company as a condition of commencing or continuing to do an insurance business in this state may be deposited with a clearing corporation or held in the Federal Reserve book-entry system. Securities deposited with a clearing corporation or held in the Federal Reserve book-entry system and used to meet the deposit requirements under the insurance laws of this state shall be under the control of the * * * Commissioner of Insurance and shall not be withdrawn by the insurance company without the approval of the * * * Commissioner of Insurance. Any insurance company holding securities in such manner shall provide to the * * * Commissioner of Insurance evidence issued by its custodian or member bank through which such insurance company has deposited such securities in a clearing corporation or through which such securities are held in the Federal Reserve book-entry system, respectively, in order to establish that the securities are actually recorded in an account in the name of the custodian or other direct participant or member bank, and that the records of the custodian, other

participant or member bank reflect that such securities are held subject to the order of the * * * Commissioner of Insurance.

(5) In case any insurer which has made a deposit with the Commissioner of Insurance, or other designated official or custodian in this state, of cash or securities in trust for the protection of its policyholders or creditors or both in this state, or of its policyholders or creditors or both in the United States, thereafter becomes merged or consolidated in accordance with the laws of this state if a domestic insurer, or in accordance with the laws of its domiciliary state or nation if a foreign or alien insurer, and upon the effectuation of the merger or consolidation, the resulting corporation is or becomes authorized to do business in this state, the commissioner, or other designated official or custodian, as the case may be, upon the resulting corporation's being so authorized, shall release and transfer the cash or securities so deposited by the merged or consolidated insurer to the resulting corporation, or to such person as it may designate to take and receive the same.

If any insurer which has made such a deposit with the Commissioner of Insurance or other designated official or custodian in the state hereafter withdraws from and ceases to do business in this state, and has paid or provided for the payment of all its obligations and liabilities to its policyholders and creditors in this state by the assumption or reinsurance of the same by an insurer which is or becomes authorized to transact

business in this state, the Commissioner of Insurance or other designated official or custodian, as the case may be, shall release and transfer the cash or securities constituting its deposit to such withdrawing insurer, or to such person as it may designate to take and receive the same.

Any release or transfer pursuant hereto shall be made upon application to and the written order of the Commissioner of Insurance. Neither the Commissioner of Insurance, nor other designated official or custodian, as the case may be, shall have any liability for the release or transfer of any such deposit made or authorized in good faith.

SECTION 20. This act shall take effect and be in force from and after July 1, 2013.

PASSED BY THE HOUSE OF REPRESENTATIVES
February 1, 2013


SPEAKER OF THE HOUSE OF REPRESENTATIVES

PASSED BY THE SENATE
March 7, 2013


PRESIDENT OF THE SENATE

APPROVED BY THE GOVERNOR


GOVERNOR

3/25/13
6:08pm