

## Session 120 - (2013-2014)

### H 3797 General Bill, By Sandifer and Erickson

#### Summary: Captive Insurance Companies

A BILL TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA, 1976, BY ADDING SECTION 38-90-165 SO AS TO PROVIDE THAT THE DIRECTOR OF THE DEPARTMENT OF INSURANCE MAY DECLARE A CAPTIVE INSURANCE COMPANY INACTIVE IN CERTAIN CIRCUMSTANCES AND THAT THE DIRECTOR MAY MODIFY THE MINIMUM TAX PREMIUM APPLICABLE TO THE COMPANY DURING INACTIVITY; BY ADDING SECTION 38-90-215 SO AS TO PROVIDE A PROTECTED CELL MAY BE EITHER INCORPORATED OR UNINCORPORATED, AND TO PROVIDE REQUIREMENTS FOR EACH; BY ADDING SECTION 38-90-250 SO AS TO PROVIDE THE DEPARTMENT MUST CONSIDER A LICENSED CAPTIVE INSURANCE COMPANY THAT MEETS THE REQUIREMENTS OF AN INSURER FOR ISSUANCE OF A CERTIFICATE OF AUTHORITY TO ACT AS AN INSURER; TO AMEND SECTION 38-90-10, AS AMENDED, RELATING TO DEFINITIONS CONCERNING CAPTIVE INSURANCE COMPANIES, SO AS TO PROVIDE ADDITIONAL TERMS AND REVISE DEFINITIONS OF CERTAIN EXISTING TERMS; TO AMEND SECTION 38-90-20, AS AMENDED, RELATING TO THE DOCUMENTATION REQUIRED FOR LICENSING CAPTIVE INSURANCE COMPANIES, SO AS TO REMOVE THE REQUIREMENT OF A CERTIFICATE OF GENERAL GOOD ISSUED BY THE DIRECTOR; TO AMEND SECTION 38-90-35, RELATING TO THE CONFIDENTIALITY OF INFORMATION CONCERNING CAPTIVE INSURANCE COMPANIES SUBMITTED TO THE DEPARTMENT OF INSURANCE, SO AS TO REVISE REQUIREMENTS FOR MAKING THE INFORMATION SUBJECT TO DISCOVERY IN A CIVIL ACTION; TO AMEND SECTION 38-90-40, AS AMENDED, RELATING TO CAPITALIZATION REQUIREMENTS, SECURITY REQUIREMENTS, AND RESTRICTIONS ON DIVIDEND PAYMENTS FOR CAPTIVE INSURANCE COMPANIES, SO AS TO REVISE THE FORM OF CAPITAL REQUIRED FOR A CAPTIVE INSURANCE COMPANY THAT IS NOT A SPONSORED CAPTIVE INSURANCE COMPANY THAT ASSUMES RISK, AND TO REVISE REQUIREMENTS FOR CONTRIBUTIONS TO A CAPTIVE INSURANCE COMPANY INCORPORATED AS A NONPROFIT, AMONG OTHER THINGS; TO AMEND SECTION 38-90-50, AS AMENDED, RELATING TO FREE SURPLUS REQUIREMENTS OF A CAPTIVE INSURANCE COMPANY, SO AS TO REVISE THE FORM OF CAPITAL REQUIRED FOR A CAPTIVE INSURANCE COMPANY THAT IS NOT A SPONSORED CAPTIVE INSURANCE COMPANY THAT ASSUMES RISK; TO AMEND SECTION 38-90-55, AS AMENDED, RELATING TO THE INCORPORATION OF CAPTIVE INSURANCE COMPANIES, SO AS TO DELETE PROVISIONS CONCERNING THE MINIMUM NUMBER AND STATUS OF INCORPORATORS, PREREQUISITES TO TRANSMITTING ARTICLES OF INCORPORATION TO THE SECRETARY OF STATE, AND THE ISSUANCE OF CAPITAL STOCK AT PAR VALUE; TO AMEND SECTION 38-90-60, AS AMENDED, RELATING TO INCORPORATION OPTIONS AND REQUIREMENTS FOR CAPTIVE INSURANCE COMPANIES, SO AS TO REVISE THE AVAILABLE OPTIONS; TO AMEND SECTION 38-90-80, AS AMENDED, RELATING TO INSPECTIONS AND EXAMINATIONS OF CAPTIVE INSURANCE COMPANIES BY THE DEPARTMENT, SO AS TO DELETE REFERENCES TO PURE CAPTIVE INSURANCE COMPANIES AND SPECIAL PURPOSE CAPTIVE INSURANCE COMPANIES; TO AMEND SECTION 38-90-90, AS AMENDED, RELATING TO THE SUSPENSION OR REVOCATION OF A CAPTIVE INSURANCE LICENSE, SO AS TO MAKE A GRAMMATICAL CHANGE; TO AMEND SECTION 38-90-100, AS AMENDED, RELATING TO THE LOANS BY CAPTIVE INSURANCE COMPANIES, SO AS TO PROVIDE A SPONSORED CAPTIVE INSURANCE COMPANY MAY MAKE LOANS TO ITS PARENT COMPANY IN CERTAIN CIRCUMSTANCES; TO AMEND SECTION 38-90-130, AS AMENDED, RELATING THE PROHIBITION AGAINST PARTICIPATION IN PLAN, POOL, ASSOCIATION, GUARANTY, OR INSOLVENCY FUNDS BY CAPTIVE INSURANCE COMPANIES, SO AS TO PROVIDE CAPTIVE INSURANCE COMPANIES, INCLUDING PURE CAPTIVE INSURANCE COMPANIES, MAY PARTICIPATE IN A POOL FOR THE PURPOSE OF COMMERCIAL RISK SHARING, AMONG OTHER THINGS; TO AMEND SECTION 38-90-180, AS AMENDED, RELATING TO THE APPLICABILITY OF CERTAIN PROVISIONS RELATING TO INSURANCE, SO AS TO PROVIDE REQUIREMENTS FOR THE NAME OF NEW CAPTIVE INSURANCE COMPANIES, TO PROVIDE CIRCUMSTANCES IN WHICH A SPONSORED CAPTIVE INSURANCE COMPANY MAY ESTABLISH PROTECTED CELLS, INCLUDING REQUIREMENTS FOR A PLAN OF OPERATION, THE ATTRIBUTIONS OF ASSETS AND LIABILITIES BETWEEN A PROTECTED CELL AND THE GENERAL ACCOUNT OF THE SPONSORED CAPTIVE INSURANCE COMPANY, AND ADMINISTRATIVE AND ACCOUNTING PROCEDURES; TO AMEND SECTION 38-90-210, RELATING TO THE SEPARATE ACCOUNTING OF PROTECTED CELLS WHEN ESTABLISHED, SO AS TO REQUIRE THIS ACCOUNTING MUST REFLECT THE PARTICIPANTS OF THE PROTECTED CELL IN ADDITION TO EXISTING REQUIREMENTS; TO AMEND SECTION 38-90-220, AS AMENDED, RELATING TO CERTAIN REQUIREMENTS APPLICABLE TO SPONSORS OF CAPTIVE INSURANCE COMPANIES, SO AS TO REVISE THE REQUIREMENTS; TO AMEND SECTION 38-90-230, AS AMENDED, RELATING TO PARTICIPANTS IN SPONSORED CAPTIVE INSURANCE COMPANIES, SO AS TO PROVIDE THAT PROTECTED CELLS ASSETS ARE ONLY AVAILABLE

TO CREDITORS OF THE SPONSORED CAPTIVE INSURANCE COMPANY AND RELATED REQUIREMENTS, AND TO PROVIDE REQUIREMENTS CONCERNING OBLIGATIONS OF SPONSORED CAPTIVE INSURANCE COMPANIES WITH RESPECT TO PROTECTED CELLS AND ITS GENERAL ACCOUNT; TO AMEND SECTION 38-90-240, RELATING TO THE ELIGIBILITY OF A LICENSED CAPTIVE INSURANCE COMPANY FOR CERTIFICATE OF AUTHORITY TO ACT AS INSURER, SO AS TO DELETE THE EXISTING LANGUAGE AND TO PROVIDE FOR WHO MAY PARTICIPATE IN A SPONSORED CAPTIVE INSURANCE COMPANY AND OBLIGATIONS OF THESE PARTICIPANTS, AND TO PROVIDE SPONSORED CAPTIVE INSURANCE COMPANIES MAY NOT BE USED TO FACILITATE INSURANCE SECURITIZATION TRANSACTIONS; TO AMEND SECTION 38-90-450, AS AMENDED, RELATING TO ORGANIZATION REQUIREMENTS FOR SPECIAL PURPOSE FINANCIAL CAPTIVES, SO AS TO DELETE PROVISIONS CONCERNING THE MINIMUM NUMBER AND STATUS OF INCORPORATORS, AND PREREQUISITES TO TRANSMITTING ARTICLES OF INCORPORATION TO THE SECRETARY OF STATE; AND TO REPEAL SECTION 38-90-235 RELATING TO TERMS AND CONDITIONS FOR PROTECTED CELL INSURANCE COMPANIES TO APPLY TO SPONSORED CAPTIVE INSURANCE COMPANIES.

03/11/13	House	Introduced and read first time (House Journal-page 5)
03/11/13	House	Referred to Committee on Labor, Commerce and Industry (House Journal-page 5)
04/11/13	House	Committee report: Favorable with amendment Labor, Commerce and Industry (House Journal-page 37)
04/16/13	House	Member(s) request name added as sponsor: Erickson
04/17/13	House	Debate adjourned until Thur., 4-18-13 (House Journal-page 66)
04/18/13	House	Amended (House Journal-page 61)
04/18/13	House	Read second time (House Journal-page 61)
04/18/13	House	Roll call Yeas-87 Nays-0 (House Journal-page 90)
04/18/13	House	Unanimous consent for third reading on next legislative day (House Journal-page 91)
04/19/13	House	Read third time and sent to Senate (House Journal-page 2)
04/23/13	Senate	Introduced and read first time (Senate Journal-page 13)
04/23/13	Senate	Referred to Committee on Banking and Insurance (Senate Journal-page 13)
05/23/13	Senate	Committee report: Favorable Banking and Insurance (Senate Journal-page 12)
06/05/13	Senate	Read second time (Senate Journal-page 33)
06/05/13	Senate	Roll call Ayes-40 Nays-0 (Senate Journal-page 33)
05/29/14	Senate	Recommitted to Committee on Banking and Insurance (Senate Journal-page 79)