Bill No.:	SF0014	**Effective:**	**7/1/2021 12:00:00 AM**

LSO No.:   **21LSO-0037**

Enrolled Act No.:   SEA No. 0007

Chapter No.:   25

Prime Sponsor: Joint Corporations, Elections & Political Subdivisions Interim Committee

Catch Title: **Credit for reinsurance.**

Subject: Ceding insurance to assuming insurers in reciprocal jurisdictions.

Summary/Major Elements:

- This act amends statutes governing credit for reinsurance, which allow insurers to cede insurance to reinsurers.

- The act authorizes insurers to cede insurance to a reinsurer in a reciprocal jurisdiction, provided the reinsurer meets certain requirements. The requirements include: maintaining minimum capital and surplus, or its equivalent, as determined by rules adopted by the Insurance Commissioner; maintaining a minimum solvency or capital ratio, as specified by rules adopted by the Insurance Commissioner; providing certain assurances to the Insurance Commissioner; providing any documentation required by rules adopted by the Insurance Commissioner; and paying claims promptly.

- The act defines "reciprocal jurisdiction" as:
  - Jurisdictions outside of the United States that are subject to certain agreements with the United States authorized under the Dodd-Frank Wall Street Reform and Consumer Protection Act;
  - A United States jurisdiction that meets certain requirements; or
  - A jurisdiction that otherwise meets requirements of rules adopted by the Insurance Commissioner.

- The act requires the Insurance Commissioner to publish a list of approved reciprocal jurisdictions and to also publish a list of assuming insurers that meet applicable requirements.

- The act provides a process for the Insurance Commissioner to revoke or suspend the status of an assuming insurer.