



General Assembly

**Amendment**

January Session, 2023

LCO No. 8136



Offered by:

SEN. CABRERA, 17<sup>th</sup> Dist.

SEN. HWANG, 28<sup>th</sup> Dist.

To: Senate Bill No. 1038

File No. 384

Cal. No. 220

**"AN ACT CONCERNING CAPTIVE INSURANCE COMPANIES."**

1 Strike subdivision (11) of subsection (a) of section 2 in its entirety and  
2 substitute the following in lieu thereof:

3 "(11) A protected cell of a sponsored captive insurance company may,  
4 with the commissioner's prior written approval, establish one or more  
5 separate accounts and may allocate assets to such accounts to provide  
6 for the insurance risks of one or more participants, or controlled  
7 unaffiliated business of such participants, subject to the following:

8 (A) The income, gains and losses, realized or unrealized, from assets  
9 allocated to a separate account shall be credited to or charged against  
10 the account, without regard to other income, gains or losses of the  
11 protected cell;

12 (B) Amounts allocated to a separate account pursuant to this  
13 subdivision are owned by the protected cell and such protected cell shall  
14 not be, nor hold itself out to be, a trustee with respect to such amounts;

15 (C) Unless otherwise approved by the commissioner, assets allocated

16 to a separate account shall be valued in accordance with the laws and  
17 regulations of this state otherwise applicable to the protected cell's  
18 assets;

19 (D) To the extent provided under the applicable contracts, such  
20 portion of the assets of any such protected cell equal to the reserves and  
21 other contract liabilities with respect to such account shall not be  
22 chargeable with liabilities arising out of any other business the protected  
23 cell may conduct;

24 (E) No sale, exchange or other transfer of assets may be made by any  
25 protected cell between any of such protected cell's separate accounts or  
26 between any other investment account and one or more of such  
27 protected cell's separate accounts unless, in the case of a transfer into a  
28 separate account, such transfer is made solely to establish the account  
29 or to support the operation of the contracts with respect to the separate  
30 account to which the transfer is made, and unless such transfer, whether  
31 into or from a separate account, is made (i) by a transfer of cash, or (ii)  
32 by a transfer of securities that has a readily determinable market value,  
33 provided such transfer of securities is approved by the commissioner.  
34 The commissioner may approve other transfers among such accounts if  
35 the commissioner determines such transfers would be equitable; and

36 (F) To the extent any protected cell deems it necessary for compliance  
37 with any applicable federal or state laws, such protected cell, with  
38 respect to any separate account, including, but not limited to, any  
39 separate account that is a management investment company or a unit  
40 investment trust, may provide for persons having an interest therein  
41 appropriate voting and other rights and special procedures for the  
42 conduct of the business of such account, including, but not limited to,  
43 special rights and procedures relating to investment policy, investment  
44 advisory services, selection of independent public accountants and the  
45 selection of a committee to manage the business of such account. Such  
46 committee members are not required to be affiliated with such protected  
47 cell."