

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
(317) 232-9855

**FISCAL IMPACT STATEMENT**

**LS 7449**  
**BILL NUMBER: SB 301**

**DATE PREPARED:** Dec 31, 1998  
**BILL AMENDED:**

**SUBJECT:** Reinsurance.

**FISCAL ANALYST:** Alan Gossard  
**PHONE NUMBER:** 233-3546

**FUNDS AFFECTED:**     **GENERAL**  
                              **DEDICATED**  
                              **FEDERAL**

**IMPACT:** No Fiscal Impact

**Summary of Legislation:** This bill adds a contractual requirement that must be met by a reinsurer to allow a domestic ceding insurer credit for reinsurance. The bill requires that reinsurance is payable under a contract reinsured by an assuming insurer on the basis of reported claims in liquidation proceedings without diminution due to insolvency of the ceding insurer, subject to court approval. It provides that payments under a reinsurance contract must be made to the ceding insurer or the ceding insurer's domiciliary liquidator unless: (1) otherwise provided in the contract; or (2) the assuming insurer assumes the policy obligations to policy payees.

**Effective Date:** July 1, 1999.

**Explanation of State Expenditures:**

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:**

**Local Agencies Affected:**

**Information Sources:**