

**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: Feb 26, 1999
BILL AMENDED: Feb 25, 1999

SUBJECT: Reinsurance.

FISCAL ANALYST: Alan Gossard
PHONE NUMBER: 233-3546

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: No Fiscal Impact

Summary of Legislation: (Amended) 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) prior to the initiation of the insolvency proceedings, 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: