



LOUISIANA DEPARTMENT OF INSURANCE
JAMES J. DONELON
COMMISSIONER

ADVISORY LETTER 2021-02

TO: ALL INSURERS

FROM: JAMES J. DONELON, COMMISSIONER OF INSURANCE

RE: ACT 159 OF THE 2021 REGULAR SESSION OF THE LOUISIANA LEGISLATURE

DATE: JULY 1, 2021

Please be advised that Act 159 of the 2021 Regular Session (“Act 159” or “Act”) relative to requirements for a statutory deposit is effective as of July 1, 2021, causing the release of all statutory deposits not otherwise required to be maintained by Act 159. This Act amended, reenacted, and repealed¹ certain mandatory requirements relating to statutory deposits for domestic, foreign, and alien insurers.²

For clarity, the terms domestic, foreign, and alien insurers shall be referred to collectively as “insurers” as enacted by Act 159.

Act 159 establishes requirements on how to maintain a deposit pledged to the Commissioner of Insurance (“Commissioner”). Specifically, Act 159 provides that an insurer, where the deposit is required by another state or jurisdiction as a condition of seeking or maintaining a license or certificate of authority or surplus lines approval in that state or jurisdiction, may request that the Commissioner hold the deposit.³ The Commissioner also has discretionary power under Act 159 to require some insurers to make and maintain a deposit as a condition of issuance or maintenance of a certificate of authority in Louisiana.

The purpose of Advisory Letter 2021-02 is to provide insurers guidance and instructions with respect to existing deposits and to the statutory requirements imposed when requesting that the Commissioner maintain a deposit after July 1, 2021.

¹ Act 159 of the 2021 Regular Session of the Louisiana Legislature amended and reacted La. R.S. §§ 22:801 and 802, and it repealed La. R.S. §§ 22:145, 171, 254(A), (B), (D)-(F), 257(A)(9), 332(A)(13), 333(B) and (C), 341(C), 804, 807, and 808.

² Act 159 refers to domestic, foreign, and alien insurers as simply “insurers.”

³ This provision applies to surplus lines insurers; however, LDI does not currently have any such deposits being held on behalf of surplus lines insurers.

In order for the Commissioner to continue to hold an existing deposit, the insurer must submit the attached form entitled “**Request for Commissioner to Hold Deposit**” no later than October 1, 2021. The form must be fully completed, accurate, and signed by an officer of the insurer and be submitted to statutorydeposits@ldi.la.gov for the request to be considered by the Commissioner. All existing deposits affected by Act 159 and not otherwise required to be held by the Commissioner will be released on October 1, 2021.

An insurer that is required to hold a deposit in compliance with a stipulation, consent agreement, or specific order of the Commissioner, as a condition of obtaining or receiving a certificate of authority in Louisiana, is not required to take any action prior to October 1, 2021 to continue to hold on an existing deposit.

No later than March 1, 2022, and annually thereafter, every insurer requesting that the Commissioner hold a deposit pursuant to another state’s requirements, or that is required to maintain a deposit by the Commissioner, shall provide to the Commissioner a safekeeping or trust receipt from the bank or savings and loan association holding the deposit. This document must be signed by an officer of the bank or savings and loan association holding the deposit and shall provide the following specifics:

- 1) Name of the bank or savings and loan association holding the deposit;
- 2) Full legal name of the insurer for which the deposit is being held;
- 3) A description and nature of the deposit;
- 4) Amount of the deposit;
- 5) Identification number of the deposit;
- 6) Maturity date of the deposit;
- 7) Callable date (if state/municipal bonds only); and
- 8) A specific statement confirming that the deposit is pledged to the Louisiana Commissioner of Insurance and will not be released without written permission.

For deposits made on or after July 1, 2021, insurers must submit a completed and accurate “**Request for Commissioner to Hold Deposit**” form, bearing the signature of an officer of the insurer.

An insurer requesting a deposit after July 1, 2021 must also provide to the Commissioner a copy of the safekeeping or trust receipt no later than March 1, 2022, and by March 1st of each subsequent year, until such time that the deposit is released by the Commissioner. The safekeeping or trust receipt must be from the bank or savings and loan association holding the deposit, signed by an officer of the bank or savings and loan association holding the deposit, and shall include all deposit details required by Act 159 and identified as items 1) through 8) above.

All requests and documents required by Act 159 may be submitted to statutorydeposits@ldi.la.gov.

Furthermore, please note that Act 159 repealed the deposit requirements for health maintenance organizations.

Additionally, please note that Act 159 does not affect the following statutory deposit/surety bond requirements:

- Deposits made in relation to registered policies (La. R.S. 22:809);
- Deposit/surety bond requirements for vehicle mechanical breakdown insurers (La. R.S. 22:365);
- Deposit/surety bond requirements for property residual value insurers (La. R.S. 22:385);
- Deposit requirements for health group self-insurers (La. R.S. 22:454);
- Deposit requirements for domestic association captive insurers (La. R.S. 22:550.11);
- Deposit/surety bond requirements for third party administrators (La. R.S. 22:1651 I); and
- Deposit/surety bond requirements for public adjusters (La. R.S. 22:1701).

If there are any questions or concerns regarding Advisory Letter 2021-02 please contact the Deputy Commissioner for the Office of Licensing electronically at public@ldi.la.gov.

Baton Rouge, Louisiana, this 1st day of July 2021.



JAMES J. DONELON
COMMISSIONER OF INSURANCE



LOUISIANA DEPARTMENT OF INSURANCE
JAMES J. DONELON
COMMISSIONER

**REQUEST FOR COMMISSIONER TO
HOLD DEPOSIT**

Insurer Name: _____

NAIC #: _____ **FEIN:** _____

Minimum Amount of Deposit to be Held: _____

States or Jurisdictions Requiring Deposit:

The above-named insurer is requesting the Commissioner of Insurance of Louisiana (“Commissioner”) to hold a statutory deposit in compliance with La. R.S. 22:801. The undersigned officer of the insurer affirms that the deposit identified herein is required as a condition of seeking or maintaining a license, certificate of authority, or surplus lines approval in the state(s) or jurisdiction(s) identified, or as a condition of the issuance or maintenance of a certificate of authority in this state. The undersigned further affirms that the safekeeping or trust receipt attached hereto is with a bank or savings and loan association doing business in Louisiana, includes all information required by La. R.S. 22:801, and contains confirmation that the deposit is pledged to the Commissioner. The insurer acknowledges its statutory obligation to file a safekeeping or trust receipt at least annually, no later than March 1st.

Signature of Officer

Date

Printed Name of Officer

Title of Officer