

SENATE BILL 141

By Overbey

AN ACT to amend Tennessee Code Annotated, Title 56,  
Chapter 13, relative to captive insurance.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 56-13-105(a)(5), is amended by deleting the language "five hundred thousand dollars (\$500,000)" and by substituting instead the language "two hundred fifty thousand dollars (\$250,000)".

SECTION 2. Tennessee Code Annotated, Section 56-13-114(c), is amended by deleting the first two sentences of the subsection and by substituting instead the following:

Except with regard to a protected cell captive insurance company, as defined in § 56-13-202, with more than ten (10) cells, the annual minimum aggregate tax to be paid by a captive insurance company calculated under subsections (a) and (b) shall be five thousand dollars (\$5,000), and the annual maximum aggregate tax shall be one hundred thousand dollars (\$100,000). For a protected cell captive insurance company with more than ten (10) cells, the annual minimum aggregate tax to be paid under subsections (a) and (b) shall be ten thousand dollars (\$10,000), and the annual maximum aggregate tax shall be the lesser of (i) one hundred thousand dollars (\$100,000) plus five thousand dollars (\$5,000) multiplied by the number of cells over ten (10); and (ii) two hundred thousand dollars (\$200,000).

SECTION 3. Tennessee Code Annotated, Section 56-13-201(a), is amended by deleting the language "protected cell companies" and by substituting instead the word "sponsors".

SECTION 4. Tennessee Code Annotated, Section 56-13-202(2), is amended by adding the language "a person or" immediately following the word "means".

SECTION 5. Tennessee Code Annotated, Section 56-13-202(4), is amended by deleting the language "protected cell company's" and by substituting instead the language "protected cell captive insurance company's".

SECTION 6. Tennessee Code Annotated, Section 56-13-202(5) and (8), are amended by deleting the language "protected cell company" and by substituting instead the language "protected cell captive insurance company".

SECTION 7. Tennessee Code Annotated, Section 56-13-202(6)(A), is amended by deleting the language "protected cell companies" and by substituting instead the word "sponsors".

SECTION 8. Tennessee Code Annotated, Section 56-13-202(7), is amended by deleting the subdivision and by substituting instead the following:

(7) "Sponsor" means any person or entity that is approved by the commissioner to provide all or part of the capital and surplus required by this chapter and to organize and operate a protected cell captive insurance company;

SECTION 9. Tennessee Code Annotated, Section 56-13-204, is amended by deleting the language "protected cell company through a".

SECTION 10. Tennessee Code Annotated, Section 56-13-204, is further amended by deleting the language "protected cell company" wherever the language appears in subdivisions (1), (2), (3), (4), (5), (9) and (16) and by substituting instead the language "protected cell captive insurance company".

SECTION 11. Tennessee Code Annotated, Section 56-13-204, is further amended by deleting the language "protected cell company's" wherever the language appears in subdivisions (1)(F), (3), (4)(A)(i) and (4)(B) and by substituting instead the language "protected cell captive insurance company's".

SECTION 12. Tennessee Code Annotated, Section 56-13-204(16), is amended by deleting the subdivision and by substituting instead the following:

(16) Notwithstanding this title or other laws of this state, and in addition to § 56-13-207, in the event of an insolvency of a protected cell captive insurance company where the commissioner determines that one (1) or more protected cells remain solvent, the commissioner may separate such cells from the protected cell captive insurance company and may allow, on application of the protected cell captive insurance company, for the conversion of such protected cells into one (1) or more new or existing protected cell captive insurance companies, or one (1) or more other captive insurance companies, pursuant to such plan of operation as the commissioner deems acceptable.

SECTION 13. Tennessee Code Annotated, Section 56-13-205(b), is amended by deleting the language "protected cell company" and by substituting instead the word "sponsor".

SECTION 14. This act shall take effect upon becoming a law, the public welfare requiring it.