



Senate Bill 28

Description

SB 28 eliminates the requirement that CSI perform an examination of captive insurance companies every 5 years.

Definitions

"Captive insurance company": an entity formed by a company to provide insurance to the parent company and affiliated entities within its corporate structure in order to manage risk that the corporation elects to self-insure.

Objectives

MCA 33-28-108 requires that CSI conduct an examination of captive insurance companies domiciled in Montana no less than every 5 years.

SB 28 would allow CSI to conduct exams less frequently since the risk of an insolvent or underfunded captive does not pose risk to the general public. CSI will retain the ability to assess the solvency of a captive insurance company through annual filings.

The captive insurance market is highly competitive amongst states. In order for Montana to remain competitive, the cost to domicile a captive cannot be overly burdensome or costly. If SB 28 is not passed, then CSI would likely have to contract with an outside entity to perform exams or hire another examiner. This cost will be passed on to the captive insurance company.

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