

Bill Summary
1st Session of the 57th Legislature

Bill No.:	HB 1335
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Author:	Sen. Stanislawski
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Floor Substitute (FS)

The FS for HB 1335 creates the Protected Cell Companies Act. The measure provides a domestic insurer with the means, via protected cells, of accessing alternative sources of capital and achieving the benefits of insurance securitization or effectuating insurance business transfers. An insurer may create a cell only with the prior authorization of the Insurance Commissioner. Each cell must clearly outline specific business objectives and investment guidelines. The measure specifies that the creation of a cell does not constitute a legal person separate from the protected cell company.

The measure prohibits protected cells from being charged with liabilities arising out of any other business the protected cell company may conduct and requires assets of protected cells to be valued at their fair value on the date of valuation unless otherwise approved by the Insurance Commissioner. Income accruing to the cell shall be credited to or charged against the protected cell without regard to the gains or losses of the company. A protected cell company shall only be authorized to attribute to a protected cell account the insurance obligations relating to the protected cell company's general account. Assets of the cell shall only be made available to creditors of that particular cell. Creditors of a cell are not entitled to the assets of the broader company or other protected cells. The measure also exempts protected cell accounts from being assessed by or required to contribute to any guaranty fund or association.

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