

Directive No. 78

RISK RETENTION ACT OF 1986

July 16, 1987

It has come to my attention that some Louisiana Domestic Insurance Companies may be writing business under the Federal Risk Retention Act as amended in 1986 without the approval of the Louisiana Insurance Department.

Please be reminded that Directive No. 75 was issued in order that Louisiana might have guidelines for this program until legislation could be obtained.

To extend Directive No. 75 further, the following applies to the present guidelines:

- 1.) To be consistent with the NAIC Model Risk Retention Act, it is required that no Louisiana Company write under this Act unless the Company is licensed specifically to write Liability insurance under this Act and "Risk Retention Group" is shown as an authorized line of insurance.
- 2.) To form a bona fide Risk Retention Group or for an Insurance Company to write Risk Retention, it is required that the minimum Surplus be 5 million dollars.
- 3.) Groups organized to write Liability insurance in Louisiana under this act must have the words "Risk Retention Group" in their Company name and must have a Certificate of Authority specifically for Liability only, pursuant to this act.

Any Companies currently writing under the Risk Retention Act without approval of the Insurance Department are hereby ordered to Cease and Desist.

Sherman A. Bernard
COMMISSIONER OF INSURANCE

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