

**BEFORE THE COMMISSIONER OF INSURANCE**

**STATE OF GEORGIA**

<b>IN THE MATTER OF:</b>	)	
	)	
<b>REGULATION 120-2-45</b>	)	
<b>CAPTIVE INSURANCE COMPANIES</b>	)	<b>DOCKET NUMBER I-15-I-5</b>
	)	
<b>REGULATION 120-2-72-.05</b>	)	
<b>PARTICIPATION IN FUND</b>	)	

**ORDER**

**I. STATEMENT OF PROCEEDINGS**

On June 24, 2015, a *Notice of Intent to Adopt Rule Changes and Notice of Hearing* was issued regarding the proposed repeal of Chapter 120-2-45 entitled “Captive Insurance Companies” and adoption in lieu thereof of a new Regulation Chapter 120-2-45 with the same title, and regarding the proposed amendment to Regulation Section 120-2-72-.05 entitled “Participation in Fund.” (Record, Exhibit 1).

By letter dated July 27, 2015, the Office of the Attorney General opined that the proposed regulatory actions are within this office’s scope of authority. (Record, Exhibit 5). Pursuant to O.C.G.A. Section 50-13-4(e), the proposed regulatory changes were transmitted to Wayne R. Allen, Legislative Counsel for the General Assembly, for assignment to the appropriate standing committees of the Senate and House of Representatives and were assigned accordingly. (Record, Exhibits 6 and 7).

**II. CONSIDERATION OF ALL COMMENTS OFFERED AT THE HEARING**

Interested persons were given the opportunity to participate in the proposed rulemaking by submitting their written comments to the Georgia Department of Insurance (the “Department”) by July 24, 2015, and by making oral comments at the public hearing held July

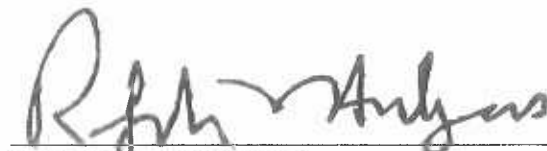
29, 2015. No written comments were received. Trey Sivley, Director of the Insurance Financial Oversight Division of the Department, spoke in favor of the proposed regulatory actions. (Transcript, pp. 8-16). Linda Brooks, Director of the Premium Tax Division of the Department, also briefly addressed a question asked by the Commissioner at the hearing. (Transcript, p. 11). No other comments were offered.

According to Mr. Sivley, the purpose of the proposed changes to the Captive Insurance Company Chapter is to incorporate changes to Title 33 resulting from House Bill 552 of the most recent session of the Georgia General Assembly and to implement additional best practices of the captive industry. More specifically, the proposed changes would, among other things, create new reporting and auditing requirements, and add a licensure requirement for captive managers. With regard to the proposed changes to Regulation 120-2-72-.05, the Department proposes changing the way in which captive insurance companies pay into the fraud fund.

### III. DECISION

**WHEREAS**, the Commissioner finds persuasive the comments offered by Mr. Sivley, and **WHEREAS**, no comments were offered in opposition, **IT IS HEREBY ORDERED** that the proposed regulations, copies of which are attached hereto and made a part by reference, are **HEREBY ADOPTED**.

Given under my Hand and Seal this 24<sup>th</sup> day of August, 2015.



RALPH F. HUDGENS  
INSURANCE AND SAFETY FIRE COMMISSIONER  
STATE OF GEORGIA

