

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2011

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HOUSE BILL 299  
PROPOSED COMMITTEE SUBSTITUTE H299-PCS50310-RG-9

Short Title: Surplus Lines/Premium Tax.-AB

(Public)

Sponsors:

Referred to:

March 10, 2011

A BILL TO BE ENTITLED

AN ACT TO CONFORM PROVISIONS OF NORTH CAROLINA SURPLUS LINES  
INSURANCE LAWS TO THE FEDERAL NONADMITTED AND REINSURANCE  
REFORM ACT OF 2010, TO STREAMLINE APPLICATIONS FOR COMMERCIAL  
PURCHASERS, TO PREVENT ANY LOSS OF PREMIUM TAX REVENUE TO THE  
STATE, AND TO CONFORM THE DEFINITION OF RISK RETENTION GROUP TO  
FEDERAL LAW.

The General Assembly of North Carolina enacts:

**SECTION 1.1.** Article 21 of Chapter 58 of the General Statutes is amended by  
adding the following new sections to read:

**"§ 58-21-3. Cooperative or interstate agreements.**

(a) The Commissioner is authorized to enter into a cooperative agreement or interstate  
agreement or compact to do the following:

(1) Establish additional and alternative nationwide uniform eligibility  
requirements that shall be applicable to nonadmitted insurers domiciled in  
another state or territory of the United States.

(2) Facilitate the collection, allocation, and disbursement of premium taxes  
attributable to the placement of nonadmitted insurance, provide for uniform  
methods of allocation and reporting among nonadmitted insurance risk  
classifications, and share information among states relating to nonadmitted  
insurance premium taxes.

(b) The Commissioner is authorized to enter into an interstate compact or interstate  
agreement for the purpose of carrying out the Nonadmitted and Reinsurance Reform Act of  
2010.

**"§ 58-21-4. Nonadmitted and Reinsurance Reform Act duties.**

(a) For the purposes of carrying out the provisions of the Nonadmitted and Reinsurance  
Reform Act of 2010, the Commissioner is authorized to utilize the national insurance producer  
database of the NAIC, or any other equivalent uniform national database, for the licensure of an  
individual or an entity as a surplus lines producer and for renewal of such license.

(b) In order to assist in the performance of the Commissioner's duties, under the  
Nonadmitted and Reinsurance Reform Act of 2010, the Commissioner may contract with  
nongovernmental entities, including the NAIC or any affiliates or subsidiaries that the NAIC  
oversees, to perform any ministerial functions that the Commissioner and the nongovernmental  
entity may deem to be appropriate, including (i) the collection of fees related to producer



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1 licensing and (ii) the collection of the premium tax under G.S. 58-21-85. The NAIC or other  
2 entity with whom the Commissioner contracts may charge a reasonable fee to the insurer,  
3 insured, or other appropriate person for the functions performed."

4 **SECTION 1.2.** The Revenue Laws Study Committee shall, in cooperation with the  
5 Commissioner of Insurance, study the potential impact that would result from the State's  
6 entrance into a nonadmitted insurance multistate agreement or other compact or interstate  
7 agreement for the purpose of carrying out the Nonadmitted and Reinsurance Reform Act of  
8 2010 in order to prevent the State from losing revenue after July 21, 2011, the effective date of  
9 the Nonadmitted and Reinsurance Reform Act. The Committee shall determine if entering into  
10 a compact or agreement would result in retention of surplus lines tax revenue for the State and,  
11 if so, which compact or agreement would result in the most retention of surplus lines tax  
12 revenue for the State and the most cost-efficient method of administering the collection and  
13 distribution of tax revenues. The Committee shall report its findings and recommendations,  
14 including any proposed legislation, to the 2012 Regular Session of the 2011 General Assembly.

15 **SECTION 2.** G.S. 58-21-10 reads as rewritten:

16 **"§ 58-21-10. Definitions.**

17 As used in this Article:

- 18 (1) "Admitted insurer" means an insurer licensed to ~~do an insurance business~~  
19 engage in the business of insurance in this State.
- 20 (1a) "Affiliate" means, with respect to an insured, any entity that controls, is  
21 controlled by, or is under common control with the insured.
- 22 (1b) "Affiliated group" means any group of entities that are all affiliated.
- 23 (2) "Capital", as used in the financial requirements of G.S. 58-21-20, means  
24 funds paid in for stock or other evidence of ownership.
- 25 (2a) "Control" means an entity that has "control" over another entity if either of  
26 the following occurs:
- 27 a. The entity directly or indirectly or acting through one or more other  
28 persons owns, controls, or has the power to vote twenty-five percent  
29 (25%) or more of any class of voting securities of the other entity.
- 30 b. The entity controls in any manner the election of a majority of the  
31 directors or trustees of the other entity.
- 32 (3) "Eligible surplus lines insurer" means a nonadmitted insurer with which a  
33 surplus lines licensee may place surplus lines insurance under  
34 G.S. 58-21-20.
- 35 (4) "Export" means to place surplus lines insurance with a nonadmitted insurer.
- 36 (5) "Nonadmitted insurer" means an insurer not licensed to do an insurance  
37 business in this State. ~~This definition~~ "Nonadmitted insurer" includes  
38 insurance exchanges authorized under the laws of various states.  
39 "Nonadmitted insurer" does not include a risk retention group, as defined in  
40 G.S. 58-22-10(10).
- 41 (6) "Producing broker" means an agent or broker licensed under Article 33 of  
42 this Chapter who deals directly with the party seeking insurance and who  
43 may also be a surplus lines licensee.
- 44 (6a) "Reciprocal state" means a state that has enacted provisions substantially  
45 similar to the following:
- 46 a. G.S. 58-21-85, 58-21-95(5), 58-21-75(10), 58-21-35(7b), and  
47 58-28-5(b).
- 48 b. The allocation schedule and reporting form contained in  
49 G.S. 58-21-85.

- 1 (7) "Surplus", as used in the financial requirements of G.S. 58-21-20, means  
2 funds over and above liabilities and capital of the company for the protection  
3 of policyholders.
- 4 (8) "Surplus lines insurance" means any insurance in this State of risks resident,  
5 located, or to be performed in this State, permitted to be placed through a  
6 surplus lines licensee with a nonadmitted insurer eligible to accept such  
7 insurance, other than reinsurance, commercial aircraft insurance, wet marine  
8 and transportation insurance, insurance independently procured pursuant to  
9 G.S. 58-28-5, life and accident or health insurance, and annuities.
- 10 (9) "Surplus lines licensee" means a person licensed under G.S. 58-21-65 to  
11 place insurance on risks resident, located, or to be performed in this State  
12 with nonadmitted insurers eligible to accept such insurance.
- 13 (10) "Wet marine and transportation insurance" means:  
14 a. Insurance upon vessels, crafts, hulls and of interests therein or with  
15 relation thereto;  
16 b. Insurance of marine builder's risks, marine war risks and contracts of  
17 marine protection and indemnity insurance;  
18 c. Insurance of freights and disbursements pertaining to a subject of  
19 insurance coming within this subsection; and  
20 d. Insurance of personal property and interests therein, in the course of  
21 exportation from or importation into any country, or in the course of  
22 transportation coastwise or on inland waters including transportation  
23 by land, water, or air from point of origin to final destination, in  
24 connection with any and all risks or perils of navigation, transit or  
25 transportation, and while being prepared for and while awaiting  
26 shipment, and during any delays, transshipment, or reshipment  
27 incident thereto."

28 **SECTION 3.** Article 21 of Chapter 58 of the General Statutes is amended by  
29 adding a new section to read:

30 **"§ 58-21-11. Home state.**

31 (a) Except as provided in subsection (b) of this section, the term "home state" means,  
32 with respect to an insured, either of the following:

- 33 (1) The state in which an insured maintains its principal place of business or, in  
34 the case of an individual, the individual's principal residence.
- 35 (2) If one hundred percent (100%) of the insured risk is located out of the state  
36 referred to in subdivision (1) of this subsection, the state to which the  
37 greatest percentage of the insured's taxable premium for that insurance  
38 contract is allocated.

39 (b) Affiliated Groups. – If two or more insureds from an affiliated group are named  
40 insureds on a single nonadmitted insurance contract, the term "home state" means the home  
41 state, as determined pursuant to subsection (a) of this section, of the member of the affiliated  
42 group that has the largest percentage of premium attributed to it under that insurance contract."

43 **SECTION 4.** G.S. 58-21-15 reads as rewritten:

44 **"§ 58-21-15. Placement of surplus lines insurance.**

45 ~~Insurance may be procured through a surplus lines licensee from nonadmitted insurers~~  
46 ~~if:~~ Surplus lines may be placed by a surplus lines licensee if all of the following apply:

- 47 (1) Each insurer is an eligible surplus lines insurer; insurer.
- 48 (1a) Each insurer is authorized to write the kind of insurance in its domiciliary  
49 jurisdiction.
- 50 (2) The full amount or kind of insurance cannot be obtained from insurers who  
51 are admitted to do business in this State. Such full amount or kind of

1 insurance may be procured from eligible surplus lines insurers, provided that  
2 a diligent search is made among the insurers who are admitted to transact  
3 and are actually writing the particular kind and class of insurance in this  
4 ~~State; and~~ State.

5 (3) All other requirements of this Article are met."

6 **SECTION 5.** Article 21 of Chapter 58 of the General Statutes is amended by  
7 adding the following new sections to read:

8 **"§ 58-21-16. Streamlined application for commercial purchasers.**

9 (a) A surplus lines licensee seeking to procure or place nonadmitted insurance in this  
10 State for an exempt commercial purchaser shall not be required to satisfy any requirement  
11 under G.S. 58-21-15 to make a due diligence search to determine whether the full amount or  
12 type of insurance sought by such exempt commercial purchaser can be obtained from admitted  
13 insurers if all of the following apply:

14 (1) The licensee procuring or placing the surplus lines insurance has disclosed to  
15 the exempt commercial purchaser that such insurance may or may not be  
16 available from the admitted market that may provide greater protection with  
17 more regulatory oversight.

18 (2) The exempt commercial purchaser has subsequently requested in writing the  
19 licensee to procure or place such insurance from a nonadmitted insurer.

20 (b) As used in this section, the following definitions apply:

21 (1) "Exempt commercial purchaser" means any person purchasing commercial  
22 insurance that, at the time of placement, meets all of the following  
23 requirements:

24 a. The person employs or retains a qualified risk manager to negotiate  
25 insurance coverage.

26 b. The person has paid aggregate nationwide commercial property and  
27 casualty insurance premiums in excess of one hundred thousand  
28 dollars (\$100,000) in the immediately preceding 12 months.

29 c. The person meets at least one of the following criteria:

30 1. The person possesses a net worth in excess of twenty million  
31 dollars (\$20,000,000), as such amount is adjusted pursuant to  
32 subsection (c) of this section.

33 2. The person generates annual revenues in excess of fifty  
34 million dollars (\$50,000,000), as such amount is adjusted  
35 pursuant to subsection (c) of this section.

36 3. The person employs more than 500 full-time or full-time  
37 equivalent employees per individual insured or is a member  
38 of an affiliated group employing more than 1,000 employees  
39 in the aggregate.

40 4. The person is a not-for-profit organization or public entity  
41 generating annual budgeted expenditures of at least thirty  
42 million dollars (\$30,000,000), as such amount is adjusted  
43 pursuant to subsection (c) of this section.

44 5. The person is a municipality with a population in excess of  
45 50,000 persons.

46 (2) "Qualified risk manager" means, with respect to a policyholder of  
47 commercial insurance, a person who meets all of the following  
48 requirements:

49 a. Is an employee of, or third-party consultant retained by, the  
50 commercial policyholder.

- 1            b. Provides skilled services in loss prevention, loss reduction, or risk  
2            and insurance coverage analysis, and purchase of insurance.
- 3            c. Has one of the following:
- 4            1. A bachelor's degree or higher from an accredited college or  
5            university in risk management, business administration,  
6            finance, economics, or any other field determined by the  
7            Commissioner to demonstrate minimum competence in risk  
8            management and one of the following:
- 9            I. Three years of experience in risk financing, claims,  
10           administration, loss prevention, risk and insurance  
11           analysis, or purchasing commercial lines of insurance.
- 12           II. One of the following designations:
- 13           A. Chartered Property and Casualty Underwriter  
14           (CPCU) issued by the American Institute for  
15           CPCU/Insurance Institute of America.
- 16           B. Associate in Risk Management (ARM) issued  
17           by the American Institute for CPCU/Insurance  
18           Institute of America.
- 19           C. Certified Risk Manager (CRM) issued by the  
20           National Alliance for Insurance Education &  
21           Research.
- 22           D. RIMS Fellow (RF) issued by the Global Risk  
23           Management Institute.
- 24           E. A designation, certification, or license  
25           determined by the Commissioner to  
26           demonstrate minimum competency in risk  
27           management.
- 28           2. Seven years of experience in risk financing, claims  
29           administration, loss prevention, risk and insurance coverage  
30           analysis, or purchasing commercial lines of insurance; and  
31           has any one of the designations specified in  
32           sub-sub-sub-sub-subdivisions A. through E. of  
33           sub-sub-sub-subdivision II. of this sub-subdivision.
- 34           3. Ten years of experience in risk financing, claims  
35           administration, loss prevention, risk and insurance coverage  
36           analysis, or purchasing commercial lines of insurance.
- 37           4. A graduate degree from an accredited college or university in  
38           risk management, business administration, finance,  
39           economics, or any other field determined by the  
40           Commissioner to demonstrate minimum competence in risk  
41           management.

42           (c) Effective on the fifth January 1 occurring after the date of the enactment of this  
43           section and each fifth January 1 occurring thereafter, the dollar amounts in  
44           sub-sub-subdivisions (b)(1)c.1., 2., 3., and 4. of this section shall be adjusted to reflect the  
45           percentage change for such five-year period in the Consumer Price Index for All Urban  
46           Consumers published by the Bureau of Labor Statistics of the U.S. Department of Labor.

47           **"§ 58-21-17. Placement with alien insurers.**

48           Nothing in this Article prohibits a surplus lines licensee from placing surplus lines  
49           insurance with, or procuring surplus lines insurance from, a nonadmitted insurer domiciled  
50           outside the United States that is listed on the Quarterly Listing of Alien Insurers maintained by  
51           the International Insurers Department of the NAIC."

1           **SECTION 6.** G.S. 58-21-20(a) reads as rewritten:

2           "~~(a) No surplus lines licensee shall place any coverage with a nonadmitted insurer,~~  
3 ~~unless at the time of placement, such nonadmitted insurer.~~A surplus lines licensee shall not  
4 place coverage with a nonadmitted insurer unless, at the time of placement, the surplus lines  
5 licensee has determined that the nonadmitted insurer satisfies the following:

6           (1) Has established satisfactory evidence of good repute and financial ~~integrity;~~  
7 ~~and integrity.~~

8           (2) Qualifies under one of the following subdivisions:

9           a. Has capital and surplus or its equivalent under the laws of its  
10 domiciliary jurisdiction, which equals the greater of either:

11           1. This State's minimum capital and surplus requirements under  
12 ~~G.S. 58-7-75, or G.S. 58-7-75.~~

13           2. Fifteen million dollars ~~(\$15,000,000), (\$15,000,000).~~

14 ~~whichever is greater, except that nonadmitted insurers already~~  
15 ~~qualified under this Article must have ten million dollars~~  
16 ~~(\$10,000,000) by December 31, 1991, twelve million five hundred~~  
17 ~~thousand dollars (\$12,500,000) by December 31, 1992, and fifteen~~  
18 ~~million dollars (\$15,000,000) by December 31, 1993. The~~  
19 ~~requirements of this sub-subdivision may be satisfied by an insurer~~  
20 ~~possessing less than the commitment capital and surplus upon an~~  
21 ~~affirmative finding of acceptability by the Commissioner. The~~  
22 ~~finding shall be based upon such factors as quality of management,~~  
23 ~~capital and surplus of any parent company, company underwriting~~  
24 ~~profit and investment income trends, and the insurer's record and~~  
25 ~~reputation within the industry. In no event shall the Commissioner~~  
26 ~~make an affirmative finding of acceptability when the insurer's~~  
27 ~~capital and surplus is less than four million five hundred thousand~~  
28 ~~dollars (\$4,500,000).~~

29           In addition, an alien insurer qualifies under this subdivision if it  
30 complies with the capital and surplus requirements of this  
31 subdivision and maintains in the United States an irrevocable trust  
32 fund in either a national bank or a member of the Federal Reserve  
33 System, in an amount not less than five million four hundred  
34 thousand dollars (\$5,400,000) for the protection of all of its  
35 policyholders in the United States, and the trust fund consists of cash,  
36 securities, letters of credit, or of investment of substantially the same  
37 character and quality as those which are eligible investments for the  
38 capital and statutory reserves of admitted insurers authorized to write  
39 like kinds of insurance in this State. The trust fund, which shall be  
40 included in any calculation of capital and surplus or its equivalent,  
41 shall have an expiration date which at no time shall be less than five  
42 years;orThe requirements of this sub-subdivision may be satisfied by  
43 an insurer's possessing less than the minimum capital and surplus  
44 upon an affirmative finding of acceptability by the Commissioner.  
45 The finding shall be based upon such factors as quality of  
46 management, capital and surplus of any parent company, company  
47 underwriting profit and investment income trends, market  
48 availability, and company record and reputation within the industry.  
49 In no event shall the Commissioner make an affirmative finding of  
50 acceptability when the nonadmitted insurer's capital and surplus is  
51 less than four million five hundred thousand dollars (\$4,500,000).

- 1                   b.     In the case of any Lloyd's plans or other similar group of insurers,  
2                   which consists of unincorporated individual insurers, or a  
3                   combination of both unincorporated and incorporated insurers,  
4                   maintains a trust fund in an amount of not less than one hundred  
5                   million dollars (\$100,000,000) as security to the full amount thereof  
6                   for all policyholders and creditors in the United States of each  
7                   member of the group, and the trust shall likewise comply with the  
8                   terms and conditions established in subdivision (2)a. of this section  
9                   for alien ~~insurers; and~~ insurers.
- 10                  c.     In the case of an "insurance exchange" created by the laws of  
11                  individual states, maintain capital and surplus, or the substantial  
12                  equivalent thereof, of not less than seventy-five million dollars  
13                  (\$75,000,000) in the aggregate. For insurance exchanges which  
14                  maintain funds in an amount of not less than fifteen million dollars  
15                  (\$15,000,000) for the protection of all insurance exchange  
16                  policyholders, each individual syndicate shall maintain minimum  
17                  capital and surplus, or the substantial equivalent thereof, of not less  
18                  than five million dollars (\$5,000,000). If the insurance exchange does  
19                  not maintain funds in an amount of not less than fifteen million  
20                  dollars (\$15,000,000) for the protection of all insurance exchange  
21                  policyholders, each individual syndicate shall meet the minimum  
22                  capital and surplus requirements of subdivision (2)a. of this section.
- 23                  d.     In the case of a group of incorporated insurers under common  
24                  administration, which has continuously transacted an insurance  
25                  business outside the United States for at least three years  
26                  immediately before this time, and which submits to this State's  
27                  authority to examine its books and records and bears the expense of  
28                  the examination, and maintains an aggregate policyholders' surplus  
29                  of not less than ten billion dollars (\$10,000,000,000), and maintains  
30                  in trust a surplus of not less than one hundred million dollars  
31                  (\$100,000,000) for the benefit of United States surplus lines  
32                  policyholders of any member of the group, and each insurer  
33                  maintains capital and surplus of not less than twenty-five million  
34                  dollars (\$25,000,000) per company.
- 35                  (3)    Has caused to be provided to the Commissioner a copy of its current annual  
36                  statement certified by such insurer; such statement to be provided no more  
37                  than two months, and for alien insurers six months, after the close of the  
38                  period reported upon and that is either:
- 39                   a.     Filed with and approved by the regulatory authority in the domicile  
40                   of the nonadmitted insurer; or
- 41                   b.     Certified by an accounting or auditing firm licensed in the  
42                   jurisdiction of the insurer's domicile; or
- 43                   c.     In the case of an insurance exchange, the statement may be an  
44                   aggregate combined statement of all underwriting syndicates  
45                   operating during the period reported."

46                  **SECTION 7.** G.S. 58-21-35(a) reads as rewritten:

47                  "**§ 58-21-35. Duty to file and retain reports.**

48                  (a)    Within 30 days after the placing of any surplus lines insurance, the surplus lines  
49                  licensee shall file with the Commissioner a report in a format prescribed by the Commissioner  
50                  regarding the insurance and including the following information:

- 51                   (1)    The name of the insured.

- 1 (2) The identity of the insurer or insurers.
- 2 (3) A description of the subject and location of the risk.
- 3 (4) The amount of premium charged for the insurance.
- 4 (5) The amount of premium tax for the insurance.
- 5 (6) The policy period.
- 6 (7) The policy number.
- 7 (7a) An acknowledged statement that the surplus lines licensee has complied with
- 8 ~~G.S. 58-21-15~~.G.S. 58-21-15 or G.S. 58-21-16, whichever is applicable.
- 9 (8) The name, address, telephone number, facsimile telephone number, and
- 10 electronic mail address of the licensee, as applicable.
- 11 (9) Any other relevant information the Commissioner may reasonably require.

12 (b) The licensee shall complete and retain a copy of the report in paper or electronic  
 13 form as required by the Commissioner. The report required by this section and the quarterly  
 14 report required by G.S. 58-21-80 shall be completed on a standardized form or forms  
 15 prescribed by the Commissioner and are not public records under G.S. 132-1 or  
 16 G.S. 58-2-100."

17 **SECTION 8.** G.S. 58-21-65(a) reads as rewritten:

18 "(a) ~~No~~ For insureds whose home state is this State, no agent or broker licensed by the  
 19 Commissioner shall procure any contract of surplus lines insurance with any nonadmitted  
 20 insurer, unless he possesses a current surplus lines insurance license issued by the  
 21 Commissioner."

22 **SECTION 9.** G.S. 58-22-10(10) reads as rewritten:

- 23 "(10) "Risk retention group" means any corporation or other limited liability  
 24 association:
- 25 a. Whose primary activity consists of assuming and spreading all or any  
 26 portion of the liability exposure of its group members;
  - 27 b. That is organized for the primary purpose of conducting the activity  
 28 described under sub-subdivision a. of this subdivision;
  - 29 c. That
    - 30 (i) Is chartered and licensed as a liability insurance company and  
 31 authorized to engage in the business of insurance under the  
 32 laws of any state; or
    - 33 (ii) Before January 1, 1985, was chartered or licensed and  
 34 authorized to engage in the business of insurance under the  
 35 laws of Bermuda or the Cayman Islands and, before that date,  
 36 had certified to the insurance regulator of at least one state  
 37 that it satisfied the capitalization requirements of such state;  
 38 except that any such group shall be considered to be a risk  
 39 retention group only if it has been engaged in business  
 40 continuously since that date and only for the purpose of  
 41 continuing to provide insurance to cover product liability or  
 42 completed operations liability, as such terms were defined in  
 43 the Product Liability Risk Retention Act of 1981 before the  
 44 effective date of the Risk Retention Act of 1986;
  - 45 d. That does not exclude any person from membership in the group  
 46 solely to provide for members of such a group a competitive  
 47 advantage over such person;
  - 48 e. That
    - 49 (i) ~~Has as its members only persons who have an ownership~~  
 50 ~~interest in the group and that has as its owners only persons~~



- 1                   ~~who are members who are provided insurance by the risk~~  
2                   ~~retention group; or~~  
3                   (ii) ~~Has as its sole member and sole owner an organization that is~~  
4                   ~~owned by persons who are provided insurance by the risk~~  
5                   ~~retention group;~~  
6                   (i) Has as its owners only persons who comprise the membership  
7                   of the risk retention group and who are provided insurance by  
8                   such group; or  
9                   (ii) Has as its sole owner an organization that meets all of the  
10                   following:  
11                   (I) Its members are only persons who comprise the  
12                   membership of the risk retention group; and  
13                   (II) Its owners are only persons who comprise the  
14                   membership of the risk retention group and who are  
15                   provided insurance by such group;  
16                   f. Whose members are engaged in businesses or activities similar or  
17                   related with respect to the liability of which such members are  
18                   exposed by virtue of any related, similar, or common business trade,  
19                   product, services, premises, or operations;  
20                   g. Whose activities do not include the provision of insurance other than:  
21                   (i) Liability insurance for assuming and spreading all or any  
22                   portion of the similar or related liability exposure of its group  
23                   members; and  
24                   (ii) Reinsurance with respect to the similar or related liability  
25                   exposure of any other risk retention group, or any ~~members~~  
26                   member of such other group, that is engaged in businesses or  
27                   activities so that such group or member meets the  
28                   requirement described in sub-subdivision f. of this  
29                   subdivision from membership in the risk retention group that  
30                   provides such reinsurance; and  
31                   h. The name of which includes the phrase "Risk Retention Group"."  
32

**SECTION 10.** This act becomes effective June 1, 2011.