

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2011

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HOUSE BILL 299  
Committee Substitute Favorable 4/27/11

Short Title: Surplus Lines/Premium Tax.-AB

(Public)

Sponsors:

Referred to:

March 10, 2011

1 A BILL TO BE ENTITLED  
2 AN ACT TO CONFORM PROVISIONS OF NORTH CAROLINA SURPLUS LINES  
3 INSURANCE LAWS TO THE FEDERAL NONADMITTED AND REINSURANCE  
4 REFORM ACT OF 2010, TO STREAMLINE APPLICATIONS FOR COMMERCIAL  
5 PURCHASERS, TO PREVENT ANY LOSS OF PREMIUM TAX REVENUE TO THE  
6 STATE, AND TO CONFORM THE DEFINITION OF RISK RETENTION GROUP TO  
7 FEDERAL LAW.

8 The General Assembly of North Carolina enacts:

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

11 "**§ 58-21-3. Cooperative or interstate agreements.**

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

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

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

22 (b) The Commissioner is authorized to enter into an interstate compact or interstate  
23 agreement for the purpose of carrying out the Nonadmitted and Reinsurance Reform Act of  
24 2010.

25 "**§ 58-21-4. Nonadmitted and Reinsurance Reform Act duties.**

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

30 (b) In order to assist in the performance of the Commissioner's duties, under the  
31 Nonadmitted and Reinsurance Reform Act of 2010, the Commissioner may contract with  
32 nongovernmental entities, including the NAIC or any affiliates or subsidiaries that the NAIC  
33 oversees, to perform any ministerial functions that the Commissioner and the nongovernmental  
34 entity may deem to be appropriate, including (i) the collection of fees related to producer  
35 licensing and (ii) the collection of the premium tax under G.S. 58-21-85. The NAIC or other  
36 entity with whom the Commissioner contracts may charge a reasonable fee to the insurer,  
37 insured, or other appropriate person for the functions performed."



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

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

13       **"§ 58-21-10. Definitions.**

14           As used in this Article:

- 15           (1) "Admitted insurer" means an insurer licensed to ~~do an insurance business~~  
16           engage in the business of insurance in this State.
- 17           (1a) "Affiliate" means, with respect to an insured, any entity that controls, is  
18           controlled by, or is under common control with the insured.
- 19           (1b) "Affiliated group" means any group of entities that are all affiliated.
- 20           (2) "Capital", as used in the financial requirements of G.S. 58-21-20, means  
21           funds paid in for stock or other evidence of ownership.
- 22           (2a) "Control" means an entity that has "control" over another entity if either of  
23           the following occurs:
- 24               a. The entity directly or indirectly or acting through one or more other  
25               persons owns, controls, or has the power to vote twenty-five percent  
26               (25%) or more of any class of voting securities of the other entity.
- 27               b. The entity controls in any manner the election of a majority of the  
28               directors or trustees of the other entity.
- 29           (3) "Eligible surplus lines insurer" means a nonadmitted insurer with which a  
30           surplus lines licensee may place surplus lines insurance under  
31           G.S. 58-21-20.
- 32           (4) "Export" means to place surplus lines insurance with a nonadmitted insurer.
- 33           (5) "Nonadmitted insurer" means an insurer not licensed to do an insurance  
34           business in this State. ~~This definition~~ "Nonadmitted insurer" includes  
35           insurance exchanges authorized under the laws of various states.  
36           "Nonadmitted insurer" does not include a risk retention group, as defined in  
37           G.S. 58-22-10(10).
- 38           (6) "Producing broker" means an agent or broker licensed under Article 33 of  
39           this Chapter who deals directly with the party seeking insurance and who  
40           may also be a surplus lines licensee.
- 41           (6a) "Reciprocal state" means a state that has enacted provisions substantially  
42           similar to the following:
- 43               a. G.S. 58-21-85, 58-21-95(5), 58-21-75(10), 58-21-35(7b), and  
44               58-28-5(b).
- 45               b. The allocation schedule and reporting form contained in  
46               G.S. 58-21-85.
- 47           (7) "Surplus", as used in the financial requirements of G.S. 58-21-20, means  
48           funds over and above liabilities and capital of the company for the protection  
49           of policyholders.
- 50           (8) "Surplus lines insurance" means any insurance in this State of risks resident,  
51           located, or to be performed in this State, permitted to be placed through a

1 surplus lines licensee with a nonadmitted insurer eligible to accept such  
 2 insurance, other than reinsurance, commercial aircraft insurance, wet marine  
 3 and transportation insurance, insurance independently procured pursuant to  
 4 G.S. 58-28-5, life and accident or health insurance, and annuities.

5 (9) "Surplus lines licensee" means a person licensed under G.S. 58-21-65 to  
 6 place insurance on risks resident, located, or to be performed in this State  
 7 with nonadmitted insurers eligible to accept such insurance.

8 (10) "Wet marine and transportation insurance" means:

- 9 a. Insurance upon vessels, crafts, hulls and of interests therein or with  
 10 relation thereto;  
 11 b. Insurance of marine builder's risks, marine war risks and contracts of  
 12 marine protection and indemnity insurance;  
 13 c. Insurance of freights and disbursements pertaining to a subject of  
 14 insurance coming within this subsection; and  
 15 d. Insurance of personal property and interests therein, in the course of  
 16 exportation from or importation into any country, or in the course of  
 17 transportation coastwise or on inland waters including transportation  
 18 by land, water, or air from point of origin to final destination, in  
 19 connection with any and all risks or perils of navigation, transit or  
 20 transportation, and while being prepared for and while awaiting  
 21 shipment, and during any delays, transshipment, or reshipment  
 22 incident thereto."

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

25 **"§ 58-21-11. Home state.**

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

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

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

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

39 **"§ 58-21-15. Placement of surplus lines insurance.**

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

- 42 (1) Each insurer is an eligible surplus lines ~~insurer;~~insurer.  
 43 (1a) Each insurer is authorized to write the kind of insurance in its domiciliary  
 44 jurisdiction.  
 45 (2) The full amount or kind of insurance cannot be obtained from insurers who  
 46 are admitted to do business in this State. Such full amount or kind of  
 47 insurance may be procured from eligible surplus lines insurers, provided that  
 48 a diligent search is made among the insurers who are admitted to transact  
 49 and are actually writing the particular kind and class of insurance in this  
 50 ~~State; and~~State.  
 51 (3) All other requirements of this Article are met."

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

3 **"§ 58-21-16. Streamlined application for commercial purchasers.**

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

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

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

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

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

19           a. The person employs or retains a qualified risk manager to negotiate  
20 insurance coverage.

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

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

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

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

31                   3. The person employs more than 500 full-time or full-time  
32 equivalent employees per individual insured or is a member  
33 of an affiliated group employing more than 1,000 employees  
34 in the aggregate.

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

39                   5. The person is a municipality with a population in excess of  
40 50,000 persons.

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

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

46           b. Provides skilled services in loss prevention, loss reduction, or risk  
47 and insurance coverage analysis, and purchase of insurance.

48           c. Has one of the following:

49                   1. A bachelor's degree or higher from an accredited college or  
50 university in risk management, business administration,  
51 finance, economics, or any other field determined by the

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

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

41 **"§ 58-21-17. Placement with alien insurers.**

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

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

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

- 1 (1) Has established satisfactory evidence of good repute and financial ~~integrity;~~  
2 ~~and integrity.~~
- 3 (2) Qualifies under one of the following subdivisions:
- 4 a. Has capital and surplus or its equivalent under the laws of its  
5 domiciliary jurisdiction, which equals the greater of either:
- 6 1. This State's minimum capital and surplus requirements under  
7 ~~G.S. 58-7-75, or~~ G.S. 58-7-75.
- 8 2. Fifteen million dollars ~~(\$15,000,000), (\$15,000,000).~~  
9 ~~whichever is greater, except that nonadmitted insurers already~~  
10 ~~qualified under this Article must have ten million dollars~~  
11 ~~(\$10,000,000) by December 31, 1991, twelve million five hundred~~  
12 ~~thousand dollars (\$12,500,000) by December 31, 1992, and fifteen~~  
13 ~~million dollars (\$15,000,000) by December 31, 1993. The~~  
14 ~~requirements of this sub-subdivision may be satisfied by an insurer~~  
15 ~~possessing less than the commitment capital and surplus upon an~~  
16 ~~affirmative finding of acceptability by the Commissioner. The~~  
17 ~~finding shall be based upon such factors as quality of management,~~  
18 ~~capital and surplus of any parent company, company underwriting~~  
19 ~~profit and investment income trends, and the insurer's record and~~  
20 ~~reputation within the industry. In no event shall the Commissioner~~  
21 ~~make an affirmative finding of acceptability when the insurer's~~  
22 ~~capital and surplus is less than four million five hundred thousand~~  
23 ~~dollars (\$4,500,000).~~
- 24 ~~In addition, an alien insurer qualifies under this subdivision if it~~  
25 ~~complies with the capital and surplus requirements of this~~  
26 ~~subdivision and maintains in the United States an irrevocable trust~~  
27 ~~fund in either a national bank or a member of the Federal Reserve~~  
28 ~~System, in an amount not less than five million four hundred~~  
29 ~~thousand dollars (\$5,400,000) for the protection of all of its~~  
30 ~~policyholders in the United States, and the trust fund consists of cash,~~  
31 ~~securities, letters of credit, or of investment of substantially the same~~  
32 ~~character and quality as those which are eligible investments for the~~  
33 ~~capital and statutory reserves of admitted insurers authorized to write~~  
34 ~~like kinds of insurance in this State. The trust fund, which shall be~~  
35 ~~included in any calculation of capital and surplus or its equivalent,~~  
36 ~~shall have an expiration date which at no time shall be less than five~~  
37 ~~years; or~~ The requirements of this sub-subdivision may be satisfied by  
38 an insurer's possessing less than the minimum capital and surplus  
39 upon an affirmative finding of acceptability by the Commissioner.  
40 The finding shall be based upon such factors as quality of  
41 management, capital and surplus of any parent company, company  
42 underwriting profit and investment income trends, market  
43 availability, and company record and reputation within the industry.  
44 In no event shall the Commissioner make an affirmative finding of  
45 acceptability when the nonadmitted insurer's capital and surplus is  
46 less than four million five hundred thousand dollars (\$4,500,000).
- 47 b. In the case of any Lloyd's plans or other similar group of insurers,  
48 which consists of unincorporated individual insurers, or a  
49 combination of both unincorporated and incorporated insurers,  
50 maintains a trust fund in an amount of not less than one hundred  
51 million dollars (\$100,000,000) as security to the full amount thereof

1 for all policyholders and creditors in the United States of each  
2 member of the group, and the trust shall likewise comply with the  
3 terms and conditions established in subdivision (2)a. of this section  
4 for alien ~~insurers; and~~ insurers.

5 c. In the case of an "insurance exchange" created by the laws of  
6 individual states, maintain capital and surplus, or the substantial  
7 equivalent thereof, of not less than seventy-five million dollars  
8 (\$75,000,000) in the aggregate. For insurance exchanges which  
9 maintain funds in an amount of not less than fifteen million dollars  
10 (\$15,000,000) for the protection of all insurance exchange  
11 policyholders, each individual syndicate shall maintain minimum  
12 capital and surplus, or the substantial equivalent thereof, of not less  
13 than five million dollars (\$5,000,000). If the insurance exchange does  
14 not maintain funds in an amount of not less than fifteen million  
15 dollars (\$15,000,000) for the protection of all insurance exchange  
16 policyholders, each individual syndicate shall meet the minimum  
17 capital and surplus requirements of subdivision (2)a. of this section.

18 d. In the case of a group of incorporated insurers under common  
19 administration, which has continuously transacted an insurance  
20 business outside the United States for at least three years  
21 immediately before this time, and which submits to this State's  
22 authority to examine its books and records and bears the expense of  
23 the examination, and maintains an aggregate policyholders' surplus  
24 of not less than ten billion dollars (\$10,000,000,000), and maintains  
25 in trust a surplus of not less than one hundred million dollars  
26 (\$100,000,000) for the benefit of United States surplus lines  
27 policyholders of any member of the group, and each insurer  
28 maintains capital and surplus of not less than twenty-five million  
29 dollars (\$25,000,000) per company.

30 (3) Has caused to be provided to the Commissioner a copy of its current annual  
31 statement certified by such insurer; such statement to be provided no more  
32 than two months, and for alien insurers six months, after the close of the  
33 period reported upon and that is either:

34 a. Filed with and approved by the regulatory authority in the domicile  
35 of the nonadmitted insurer; or

36 b. Certified by an accounting or auditing firm licensed in the  
37 jurisdiction of the insurer's domicile; or

38 c. In the case of an insurance exchange, the statement may be an  
39 aggregate combined statement of all underwriting syndicates  
40 operating during the period reported."

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

42 "**§ 58-21-35. Duty to file and retain reports.**

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

46 (1) The name of the insured.

47 (2) The identity of the insurer or insurers.

48 (3) A description of the subject and location of the risk.

49 (4) The amount of premium charged for the insurance.

50 (5) The amount of premium tax for the insurance.

51 (6) The policy period.

- 1 (7) The policy number.  
2 (7a) An acknowledged statement that the surplus lines licensee has complied with  
3 ~~G.S. 58-21-15~~, G.S. 58-21-15 or G.S. 58-21-16, whichever is applicable.  
4 (8) The name, address, telephone number, facsimile telephone number, and  
5 electronic mail address of the licensee, as applicable.  
6 (9) Any other relevant information the Commissioner may reasonably require.  
7 (b) The licensee shall complete and retain a copy of the report in paper or electronic  
8 form as required by the Commissioner. The report required by this section and the quarterly  
9 report required by G.S. 58-21-80 shall be completed on a standardized form or forms  
10 prescribed by the Commissioner and are not public records under G.S. 132-1 or  
11 G.S. 58-2-100."

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

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

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

18 "(10) "Risk retention group" means any corporation or other limited liability  
19 association:

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



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

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