

CAPTIVE INSURANCE COMPANY LAWS**The date following each state indicates the last time information for the state was reviewed/changed.**

	ALABAMA (12/24)
Citation	Ala. Code §§ 27-31B-1 to 27-31B-28
Formation	<p>§ 27-31B-8</p> <p>Shall have one or more incorporator or one or more organizer, of whom not less than one shall be residents of this state. A pure captive, agency captive, reinsurance captive, special purpose captive, or a protected cell captive shall be formed as a stock or mutual insurer or as a nonprofit or limited liability company with its capital divided into units and held by stockholders, members, or other equivalent as allowed by law. An association captive, an industrial insured captive, or a risk retention group may be organized as a stock insurer with its capital divided and held by stockholders, organized as a mutual insurer without capital stock and a membership-elected governing body, organized as a reciprocal insurer, or organized as a manager-managed limited liability company.</p>
Minimum capital/surplus; letters of credit	<p>§ 27-31B-6</p> <p>A captive insurance company shall possess and maintain unimpaired paid-in capital and surplus of: for a pure captive, not less than \$100,000; for an agency captive, not less than \$500,000; for an association captive, not less than \$500,000; for an industrial insured captive, not less than \$500,000; for a reinsurance captive, not less than \$10,000 or such other amount determined by the commissioner and actuarially supported by a feasibility study; and for a protected cell captive, not less than \$100,000 or such other amount determined by the commissioner and actuarially supported by a feasibility study. No captive organized as a reciprocal insurer shall be licensed unless it maintains a free surplus of at least \$1 million; the commissioner may prescribe additional capital and surplus based on the type, volume, and nature of insurance business transacted. Capital and surplus may be in the form of cash, cash equivalents, surplus notes, or securities meeting eligibility requirements in section 27-6-3; or a clean, irrevocable, and unconditional letter of credit approved by the commissioner. No assets of the captive shall be pledged or encumbered for the payment of the letter of credit.</p>
Taxation	<p>§ 27-31B-16</p> <p>Each captive insurance company shall pay to the commissioner, by March 1 of each year, a tax at the rate of four-tenths of one percent on the first 20 million dollars, three-tenths of one percent on the next 20 million dollars, two-tenths of one percent on the next 20 million dollars, seventy-five thousandths of one percent on each dollar thereafter.</p> <p>Each captive shall also pay tax on assumed reinsurance premiums not subject to taxation on a direct basis as above, calculated as follows: two hundred and twenty-five thousandths of one percent on the first 20 million dollars of assumed reinsurance premium, one hundred fifty thousandths of one percent on the next 20 million dollars, fifty thousandths of one percent on the next 20 million dollars, twenty-five thousandths of one percent of each dollar thereafter.</p> <p>The aggregate taxes paid by a captive insurance company may not be less than \$5,000 nor exceed \$100,000 in any year. The minimum tax for a protected cell captive insurance company may not be less than \$5,000 in any year. These thresholds are prorated for captives licensed for less than a full calendar year.</p>

ALABAMA (cont.)

CAPTIVE INSURANCE COMPANY LAWS

	ALABAMA (cont.)
Reports and statements	<p>§ 27-31B-9 Prior to March 1 of each year, each captive insurance company shall submit a report of its financial condition, verified by oath of 2 of its executive officers.</p>
Legal Investments	<p>§ 27-31B-12 An association captive insurance company, risk retention group, and an industrial insured captive insurance company shall comply with the investment requirements contained in this title, except for risk retention groups to the extent that credit for risks ceded to reinsurers is allowed pursuant to this title or as deemed reasonable and appropriate by the commissioner.</p> <p>No pure captive insurance company, agency captive insurance company, reinsurance captive company, special purpose financial captive insurance company, industrial insured captive insurance company, or protected cell captive insurance company is subject to restrictions on allowable investments; all other captive insurers must comply with investment laws applicable to other insurers. Only a pure captive insurance company or a protected cell captive insurance company may make loans to its parent company or affiliates, with prior written approval of the commissioner. Any loan made by a protected cell captive company must be made from funds in the company's general account.</p>
Miscellaneous	<p>§ 27-13B-14 No captive insurer may be required to join a rating organization.</p> <p>§ 27-31B-15 No captive insurer may join or contribute financially to any plan, pool, association, or guaranty or insolvency fund in this state, nor shall any captive insurance company, or its insured, or its parent or any affiliated company, or any member organization of its association, receive any benefit from a plan, pool, association or guaranty or insolvency fund for claims arising out of the operations of the captive insurer.</p> <p>§§ 27-31B-22 to 27-31B-25 Provisions for protected cell sponsored captive. A risk retention group may not be either a sponsor or a participant of a sponsored captive insurance company.</p> <p>§ 27-31B-26 A stock captive insurer may become a mutual captive insurer if approved by the commissioner.</p>

CAPTIVE INSURANCE COMPANY LAWS

	ALASKA (12/24)
Citation	No provision
Formation	
Minimum capital/surplus; letters of credit	
Taxation	
Reports and statements	
Legal Investments	
Miscellaneous	

CAPTIVE INSURANCE COMPANY LAWS

	ARIZONA (12/24)
Citation	Ariz. Rev. Stat. §§ 20-1098 to 20-1098.23
Formation	<p>§ 20-1098.04 A captive insurer formed as a corporation needs to have at least 3 incorporators, at least one of whom shall be a resident. A captive insurer formed as a reciprocal insurer shall have 3 or more subscribers; residency is not required. An agency captive or a protected cell captive must be incorporated as a stock insurer with its capital divided and held by stockholders. A group captive may be incorporated as a stock insurer with its capital divided and held by stockholders, incorporated as a mutual insurer without capital stock, organized as a reciprocal insurer, or incorporated as a nonprofit corporation. A pure captive may be incorporated as a stock insurer, nonprofit corporation, or limited liability company.</p>
Minimum capital/surplus; letters of credit	<p>§ 20-1098.03 A captive insurance company shall possess and maintain unimpaired paid-in capital and surplus of: for a pure captive, at least \$250,000; for a group captive, at least \$500,000; for an agency captive, at least \$500,000; for a protected cell captive, at least \$500,000; and for a captive insurer organized as a reciprocal insurer, at least \$500,000. A captive insurer that transacts only reinsurance must possess and maintain one-half of the applicable amounts prescribed above in a combination of free surplus and unimpaired paid-in capital. All minimum capital and surplus shall be in the form of cash or an irrevocable and unconditional letter of credit containing an evergreen clause.</p>
Taxation	No provision
Reports and statements	<p>§ 20-1098.07 Not later than 90 days after the end of the captive insurer's fiscal year, the captive insurer shall submit to the director a report of its financial condition, verified by oath of 2 of its executive officers.</p>
Legal Investments	<p>§ 20-1098.10 A pure captive is not subject to restrictions on allowable investments; all other captive insurers must comply with investment laws applicable to other insurers. Only a pure captive insurer may make loans to its affiliates, with prior written approval of the director.</p>
Miscellaneous	<p>§ 20-1098.16 A captive insurer shall engage a manager who shall maintain the books and records of the captive insurer's business, transactions and affairs at a location that is in this state.</p> <p>§ 20-1098.23 Includes confidentiality provisions.</p> <p>§§ 20-1098.05 to 20-1098.06 Standards for protected cell captive. A risk retention group may not be either a sponsor or a participant in a protected cell captive.</p>

CAPTIVE INSURANCE COMPANY LAWS

	ARKANSAS (12/24)
Citation	Ark. Code §§ 23-63-1601 to 23-63-1624
Formation	<p>§ 23-63-1606</p> <p>A captive insurance company may be formed and operated in any form of business organization authorized under Arkansas law and approved by the Insurance Commissioner. At least one (1) of the members of the board of directors of a captive insurance company formed as a corporation in this state shall be a resident of the United States or a United States territory. At least one (1) of the members of the subscribers' advisory committee of a captive insurance company formed as a reciprocal insurer shall be a resident of the United States or a United States territory.</p>
Minimum capital/surplus; letters of credit	<p>§§ 23-63-1604 to 23-63-1605</p> <p>A captive insurance company shall possess and maintain unimpaired paid-in capital of: for a producer reinsurance captive, not less than \$300,000; for a pure captive, not less than \$100,000 if; for an association captive incorporated as a stock insurer, not less than \$400,000; for an industrial captive incorporated as a stock insurer, not less than \$200,000; and for a sponsored captive insurance company, not less than \$250,000; for a special purpose captive, an amount determined by the commissioner not less than \$300,000. A captive insurance company shall possess and maintain an unimpaired surplus of: for a producer reinsurance company, not less than \$300,000; for a pure captive, not less than \$150,000; for an association captive incorporated as a stock insurer, not less than \$350,000; for an industrial captive incorporated as a stock insurer, not less than \$300,000; for an association captive incorporated as a mutual insurer, not less than \$750,000; for an industrial captive incorporated as a mutual insurer, not less than \$500,000; for a sponsored captive insurance company, not less than \$250,000; and for a special purpose captive insurance company, not less than \$300,000. The capital and surplus may be in the form of cash, other assets acceptable to the commissioner, or an irrevocable letter of credit that is issued by a bank chartered by the state or a member of the Federal Reserve System and approved by the commissioner.</p>
Taxation	<p>§ 23-63-1614</p> <p>Each captive insurance company shall pay by March 1 of each year a tax on the direct premiums collected or contracted for during the previous year, calculated as follows: two hundred fifty thousandths of one percent (0.250%) on the first twenty million dollars (\$20,000,000); one hundred fifty thousandths of one percent (0.150%) on the next twenty million dollars (\$20,000,000); and fifty thousandths of one percent (0.050%) on each dollar thereafter, on the direct premiums collected or contracted for on policies or contracts of insurance written by the captive insurance company during the year ending December 31 next preceding, after deducting from the direct premiums subject to the tax the amounts paid to policyholders as return premiums, which shall include dividends on unabsorbed premiums or premium deposits returned or credited to policyholders.</p> <p>Each captive shall also pay two hundred twenty-five thousandths of one percent (0.225%) on the first twenty million dollars (\$20,000,000) of assumed reinsurance premium; one hundred fifty thousandths of one percent (0.150%) on the next twenty million dollars (\$20,000,000); fifty thousandths of one percent (0.050%) on the next twenty million dollars (\$20,000,000); and twenty-five thousandths of one percent (0.025%) of each dollar thereafter.</p> <p>The aggregate taxes paid by a captive insurance company may not be less than \$5,000 nor shall the total tax exceed \$100,000 in any year.</p>

ARKANSAS (cont.)

CAPTIVE INSURANCE COMPANY LAWS

	ARKANSAS (cont.)
Reports and statements	<p>§ 23-63-1607 Before March 1 of each year, a captive insurer shall submit to the commissioner a report of its financial condition, verified by oath of 2 of its executive officers.</p>
Legal Investments	<p>§ 23-63-1610 A pure captive or industrial insured captive is not subject to restrictions on allowable investments; all other captive insurers must comply with the investment requirements contained in the Arkansas Insurance Code. Only a pure captive insurance company may make loans to its parent company or affiliates, with prior written approval of the commissioner.</p> <p>The valuation procedures established by the NAIC shall apply to sponsored captive insurance companies except to the extent the valuation procedures are inconsistent with approved accounting standards in use by the company.</p>
Miscellaneous	<p>§ 23-63-1612 A captive insurer shall not be required to join a rating organization.</p> <p>§ 23-63-1613 A captive insurer shall not join or contribute financially to any plan, pool, association or guaranty or insolvency fund in this state, nor shall any captive insurance company, or its insured, or its parent or any affiliated company, or any member organization of its association, receive any benefit from a plan, pool, association or guaranty or insolvency fund for claims arising out of the operations of the captive insurer.</p> <p>§§ 23-63-1620 to 23-63-1622 Standards for protected cell captive. A risk retention group shall not be either a sponsor or a participant of a sponsored captive insurance company.</p>

CAPTIVE INSURANCE COMPANY LAWS

	CALIFORNIA (12/24)
Citation	No provision
Formation	
Minimum capital/surplus; letters of credit	
Taxation	
Reports and statements	
Legal Investments	
Miscellaneous	

CAPTIVE INSURANCE COMPANY LAWS

	COLORADO (12/24)
Citation	C.R.S 10-6-101 to 10-6-130; 3 CCR 702-2:2-3-1
Formation	<p>§ 10-6-107 Applicants for a captive insurer certificate of authority shall file a detailed plan of operation with the commissioner along with a \$500 application fee and other documents required in regulation. The principal and home office of every captive insurer incorporated in Colorado shall be in the state of Colorado.</p>
	<p>§ 10-6-108 A board of directors, consisting of at least 3 people, shall manage each captive insurance company. No individual may serve as a director or officer who has been convicted of fraud involving any financial institution or of a felony involving misuse of funds.</p>
Minimum capital/surplus; letters of credit	<p>§ 10-6-116 No captive insurer issued a certificate of authority shall be permitted to do any business in this state unless it maintains total capital and surplus of not less than \$500,000. The commissioner shall accept an irrevocable letter of credit, in a form acceptable to the commissioner, issued or confirmed by a qualified United States financial institution on behalf of the captive insurance company in lieu of securities.</p>
Taxation	<p>§ 10-6-128 A captive insurer shall pay to the division of insurance an annual tax on gross premiums. The tax imposed shall be the greater of (a) \$5,000 or (b) one-half of one percent of the first \$25 million, plus one-quarter of one percent of the next \$50 million, plus one-tenth of one percent of each dollar thereafter of direct premiums collected, plus: one-quarter of one percent of the first \$20 million, plus one-tenth of one percent of each dollar thereafter of assumed reinsurance premiums.</p>
Reports and statements	<p>§ 10-6-114 Captive insurers shall render to the commissioner a report, signed and sworn to by its chief officers, of its condition as of the end of each fiscal year. Such report shall be filed within 60 days following end of fiscal year.</p>
Legal Investments	<p>§ 10-6-121 Group captive insurers shall comply with the investment requirements and limitations applicable to other insurance companies under the laws of this state. A pure captive insurance company shall not be subject to any restrictions on investments; may make loans to its parent company if approved within its plan of operations.</p>
Miscellaneous	<p>§ 10-6-127 A captive insurer shall not be compelled to join or contribute financially to any plan, pool, association, or guaranty or insolvency fund in this state; nor shall any captive insurer or its insured receive any benefit from such plan, pool, association, or guaranty or insolvency fund for claims arising out of operations of such captive insurance company.</p>

CAPTIVE INSURANCE COMPANY LAWS

	CONNECTICUT (12/24)
Citation	Conn. Gen. Stat. §§ 38a-91k; 38a-91aa to 38a-91xx
Formation	<p>§ 38a-91ff A captive insurance company incorporated or organized in this state shall have not less than 3 incorporators or 3 organizers of whom at least one shall be a resident of this state. The incorporators shall petition the insurance commissioner to issue a certificate setting forth the commissioner's finding that the establishment and maintenance of the proposed corporation will promote the general good of the state.</p> <p>§ 38a-91bb Each captive insurance company shall pay to the commissioner a nonrefundable fee of \$800 for examining, investigating and processing its application for license.</p>
Minimum capital/surplus; letters of credit	<p>§ 38a-91dd A captive insurance company shall have and maintain unimpaired paid-in capital and surplus of: in the case of a pure captive insurance company, not less than \$50,000; in the case of an association captive insurance company, not less than \$250,000; in the case of an industrial insured captive insurance company, not less than \$250,000; in the case of a risk retention group, not less than \$1 million; in the case of a sponsored captive insurance company, not less than \$75,000; in the case of a special purpose financial captive insurance company, not less than \$250,000; and in the case of a sponsored captive insurance company licensed as a special purpose financial captive insurance company, not less than \$250,000; in the case of an agency captive insurance company, not less than \$250,000. The commissioner has discretion to determine alternate capital and surplus amount as necessary for the captive insurance companies to meet policy obligations. Capital and surplus may be in the form of cash or an irrevocable letter of credit.</p>
Taxation	<p>§ 38a-91nn On or before March 1 of each year, each captive insurance company shall pay a tax on the direct premiums collected or contracted for during the previous year, calculated as follows: thirty-eight hundredths of one per cent on the first twenty million dollars; two hundred eighty-five thousandths of one per cent on the next twenty million dollars; nineteen hundredths of one per cent on the next twenty million dollars; and seventy-two thousandths of one per cent on each dollar thereafter.</p> <p>Each captive shall also pay tax on assumed reinsurance premiums, calculated as follows: two hundred fourteen thousandths of one per cent on the first twenty million dollars; one hundred forty-three thousandths of one per cent on the next twenty million dollars; forty-eight thousandths of one per cent on the next twenty million dollars and twenty-four thousandths of one per cent on each dollar thereafter.</p> <p>The minimum total tax per year is \$7,500. The annual minimum aggregate tax to be paid on direct premiums shall be \$7,500, and the annual maximum aggregate tax on both direct and assumed reinsurance premiums shall be \$200,000.</p>

CONNECTICUT (cont.)

CAPTIVE INSURANCE COMPANY LAWS

	CONNECTICUT (cont.)
Reports and statements	<p>§ 38a-91gg Prior to March 1 of each year and, in the case of pure captive insurance companies and industrial insured captive insurance companies, prior to March 15 of each year, each captive insurance company shall submit to the commissioner a report of its financial condition, verified by oath of 2 of its executive officers.</p>
Legal Investments	<p>§ 38a-91jj Association captive insurance companies and risk retention groups shall comply with investment requirements and laws applicable to other companies in this state. A pure captive or industrial insured captive insurance company is not subject to restrictions on allowable investments; a pure captive insurance company may make a loan to or an investment in its parent company with prior written approval of the commissioner.</p>
Miscellaneous	<p>§ 38a-91ll No captive insurance company shall be required to join a rating organization.</p> <p>§ 38a-91mm No captive insurance company may join or contribute financially to any plan, pool, association or guaranty or insolvency fund in this state, nor shall any captive insurance company, or its insured or affiliate receive any benefit from a plan, pool, association or guaranty or insolvency fund for claims arising out of the operations of the captive insurer.</p> <p>§ 38a-91rr Provisions for protected cell sponsored captive.</p> <p>§§ 38a-91ss to 38a-91tt Provisions for special purpose financial captive.</p>

CAPTIVE INSURANCE COMPANY LAWS

	DELAWARE (12/24)
Citation	Del. Code Ann. tit. 18, §§ 6901 to 6983; 18 Del. Admin. Code 302-1.0 to 302-16.0
Formation	<p>18 § 6906</p> <p>Pure captive and sponsored captives may form as a stock or non-stock corporation, limited liability company, partnership, limited partnership, series, or statutory trust. Association captives or industrial insured captives: stock or non-stock corporation, limited liability company, partnership, limited partnership, statutory trust, or series, or may be organized as a reciprocal insurer. Special purpose captives: stock or non-stock corporation, limited liability company, partnership, limited partnership or statutory trust, or may be such other person (other than a natural person in his or her individual capacity) approved by the commissioner. Sponsored captives, including those that are also special purpose financial captives, may form as a stock or non-stock corporation, limited liability company, partnership, limited partnership, or statutory trust. A risk retention group may take on any form permitted under the Liability Risk Retention Act of 1986 (15 U.S.C. §§ 3901 to 3906).</p> <p>At least one member of the board of directors of a corporation; subscribers' advisory committee of a reciprocal insurer; member or manager of the LLC; one partner in the partnership; one general partner in the limited partnership; or one trustee in the statutory trust shall have his/her/its residence or principal place of business in the state.</p>
Minimum capital/surplus; letters of credit	<p>18 § 6905</p> <p>No captive insurance company shall be issued a certificate of authority unless it shall possess and thereafter maintain capital and surplus of not less than: \$250,000 for pure captive; \$750,000 for association captive; \$500,000 for industrial insured captive; \$250,000 for agency captive; \$1 million for risk retention group; \$500,000 for sponsored captive; \$250,000 or such other amount determined by the commissioner for special purpose captive; \$250,000 for branch captive; \$500,000 for special purpose financial captive that is also a sponsored captive; \$250,000 for special purpose financial captive that is not also a sponsored captive; an amount as specified by the commissioner for series captive. Minimum capital and surplus shall be maintained in the state and may be in the form of cash, an irrevocable letter of credit by a financial institution chartered by or licensed or otherwise authorized to do business in the state, or such other assets as may be approved by the commissioner.</p>

DELAWARE (cont.)

CAPTIVE INSURANCE COMPANY LAWS

	DELAWARE (cont.)
Taxation	<p>18 § 6914</p> <p>No later than April 15 of each year, each captive insurer, other than a sponsored captive, and each protected cell of a sponsored captive shall pay to the commissioner a tax at the rate of 2/10 of 1% on each dollar of direct premiums collected or contracted for during the year ending December 31 next preceding, after deducting the return premiums paid to policyholders with respect to preceding year only, which amounts shall include only dividends/distributions of unabsorbed premiums or premium deposits returned or credited to policyholders; up to a maximum tax for the year of \$200,000. No tax is due or payable as to consideration for annuity contracts.</p> <p>Assumed reinsurance premiums are taxed at the rate of 1/10 of 1% on each dollar up to a maximum tax of \$110,000, except that no tax applies to premiums for risks/portions which are subject to taxation on a direct basis and no tax is payable in connection with the receipt of assets in exchange for the assumption of loss reserves/other liabilities of another insurer under common ownership and control as part of a plan to discontinue operations and the intent is to renew/maintain business with the captive.</p> <p>The annual minimum aggregate tax is \$5,000 and the maximum is \$200,000. Each series captive insurance company shall pay an annual minimum aggregate tax of \$3,500.</p>
Reports and statements	<p>18 § 6907</p> <p>Prior to April 15 of each year, each captive insurer shall submit to the commissioner a report of its financial condition, verified by oath of 2 of its executive officers.</p>
Legal Investments	<p>18 § 6910</p> <p>Association captives, special purpose captives, series captives, and risk retention groups shall comply with the investment requirements contained in Title 18 Chapter 13 of the Delaware Code or such investment requirements as may be approved by the commissioner upon application by such captive. A pure captive insurer, industrial insured captive insurer, agency captive insurer, special purpose financial captive insurer, and branch captive insurer shall not be subject to any restrictions on allowable investments, except that the commissioner may prohibit or limit investments that threaten the solvency or liquidity of the captive.</p>

DELAWARE (cont.)

CAPTIVE INSURANCE COMPANY LAWS

	DELAWARE (cont.)
Miscellaneous	<p>18 § 6912 No captive insurance company shall be required to join a rating organization.</p> <p>18 § 6913 A captive insurer shall not be permitted to join or contribute financially to any plan, pool, association or guaranty or insolvency fund in this state, nor shall any captive insurance company, or its insured, or its parent or any affiliated company, or any member organization of its association, receive any benefit from a plan, pool, association or guaranty or insolvency fund for claims arising out of the operations of the captive insurer.</p> <p>18 § 6920 Includes confidentiality provisions.</p> <p>18 §§ 6931 to 6938 Provisions for protected cell sponsored captive.</p> <p>18 §§ 6951 to 6962 Provisions for special purpose financial captive.</p> <p>18 §§ 6971 to 6976 Provisions for branch captive.</p>

CAPTIVE INSURANCE COMPANY LAWS

	DISTRICT OF COLUMBIA (12/24)
Citation	D.C. Code §§ 31-3931.01 to 31-3931.23; Reg. tit. 26-A §§ 3701 to 3716
Formation	<p>§ 31-3931.03</p> <p>A captive insurer may be organized in any form authorized by the commissioner. The organizational documents must show: the capital stock of a captive insurer incorporated as a stock insurer shall be issued at not less than par value; the captive insurer shall not have less than 2 incorporators or organizers; the articles, charter, or bylaws of a captive insurer shall require a quorum of the board of directors that consists of more than one-third of the number of directors prescribed by the articles, charter, or bylaws; and any additional provisions that the commissioner considers necessary.</p>
Minimum capital/surplus; letters of credit	<p>§ 31-3931.06</p> <p>A captive insurer shall at all times maintain a minimum unimpaired capital of \$100,000. Except as otherwise provided by the commissioner, the capital required to be maintained shall be in the form of cash or an irrevocable letter of credit. A captive insurer shall maintain an unencumbered surplus of: for a pure captive insurer, not less than \$150,000; for an association captive insurer incorporated as a stock insurer, not less than \$300,000; for an agency captive insurer, not less than \$300,000; for a rental captive insurer, not less than \$300,000; for an association captive insurer incorporated as a mutual insurer or reciprocal insurer, not less than \$500,000; and for each segregated account, not less than an amount to be established by the commissioner. Except as otherwise provided by the commissioner, the surplus required to be maintained shall be in the form of cash or an irrevocable letter of credit.</p>
Taxation	<p>§ 31-3931.12</p> <p>A captive insurer shall pay, not later than March 2 of each year, a tax at the rate of: two hundred fifty thousandths of one percent on the first \$25 million of its net direct premiums; one hundred fifty thousandths of one percent on the next \$25 million of its net direct premiums; and fifty thousandths of one percent on each additional dollar of its net direct premiums.</p> <p>A captive insurer organized as a risk retention group shall pay, no later than March 2 of each year, a tax at the rate of thirty-eight hundredths of 1% on the first \$20 million of its total net direct premiums; twenty-five hundredths of 1% on the next \$20 million of its total net direct premiums; and eighteen hundredths of 1% on each additional dollar of its total net direct premiums.</p> <p>A captive insurer shall pay, not later than March 2 of each year, a tax at the rate of: two hundred twenty-five thousandths of one percent on the first \$25 million of revenue from assumed reinsurance premiums; one hundred fifty thousandths of one percent on the next \$25 million of revenue from assumed reinsurance premiums; and twenty-five thousandths of one percent on each additional dollar of revenue from assumed reinsurance premiums.</p> <p>If the sum of taxes to be paid by a captive insurer, other than a risk retention group licensed as an association captive insurer, is less than \$7,500 in any given year, the captive insurer shall pay a minimum tax of \$7,500 for the year. If the sum of the taxes to be paid by a risk retention group, licensed as an association captive insurer, is less than \$15,000 in any given year, the captive insurer shall pay a minimum tax of \$15,000 for the year. The total tax paid by a captive insurer shall not exceed \$100,000 in any given year.</p>

DISTRICT OF COLUMBIA (cont.)

CAPTIVE INSURANCE COMPANY LAWS

	DISTRICT OF COLUMBIA (cont.)
Reports and statements	<p>§ 31-3931.13 On or before March 2 of each year, a captive insurer shall submit to the commissioner a report of its financial condition, as prepared by a certified public accountant. A captive insurer shall file a consolidated report on behalf of each of its segregated accounts.</p> <p>§ 3701 All captive insurers shall annually submit to the commissioner a report of its financial condition, verified by oath of 2 of its executive officers.</p>
Legal Investments	<p>§ 31-3931.07 A captive insurer shall file with the commissioner a schedule of its proposed investments, which the commissioner may approve upon determining that the investments do not threaten the solvency or liquidity of the captive insurer. A captive insurer or segregated account may make a loan to its parent or affiliated company if the loan is first approved in writing by the commissioner, is evidenced by a note that is in a form that is approved by the commissioner and does not include any money that has been set aside as capital or surplus.</p>
Miscellaneous	<p>§ 31-3931.16 A captive insurer shall not join or contribute financially to any risk-sharing plan, risk pool, or insurance insolvency guaranty fund in the District. A captive insurer or its insured, its parent or an affiliated company, or any member organization of its association shall not receive any benefit from the plan, pool, or fund for claims arising out of the operations of the captive insurer.</p> <p>§ 31-3931.18 A captive insurer shall not be required to join a rating organization.</p> <p>§§ 31-3931.04 to 31-3931.05 Standards for protected cell captive.</p> <p>§§ 31-3932.01 to 31-3932.15 Provisions for special purpose financial captive.</p>

CAPTIVE INSURANCE COMPANY LAWS

	FLORIDA (12/24)
Citation	Fla. Stat. §§ 628.901 to 628.920; Fla. Admin. Code Rule 12B-8.001
Formation	<p>§ 628.905 To conduct insurance business in this state a captive insurer must obtain from the office a license authorizing it to conduct insurance business in this state; hold at least one board of directors' meeting each year in this state; maintain its principal place of business in this state; and appoint a resident registered agent to accept service of process and to otherwise act on its behalf in this state. A nonrefundable fee of \$1,500 is due for processing a license application and an annual renewal fee of \$1,000.</p> <p>§ 628.910 A pure captive insurance company may be incorporated as a stock insurer; or incorporated as a public benefit, mutual benefit, or religious nonprofit corporation with members in accordance with the Florida Not for Profit Corporation Act. An industrial insured captive insurance company may be incorporated as a stock insurer; or incorporated as a mutual insurer without capital stock, the governing body of which is elected by its members. A captive insurance company may not have fewer than 3 incorporators of whom not fewer than 2 must be residents of this state. The capital stock of a captive incorporated as a stock insurer must be issued at par value of not less than \$1 or more than \$100 per share. If a captive is formed as a corporation or a nonprofit corporation, at least one of the members of the board of directors must be a resident of this state.</p> <p>§ 628.9141 A captive reinsurance company must be incorporated as a stock insurer.</p>
Minimum capital/surplus; letters of credit	<p>§ 628.907 A captive insurer may not be issued a license unless it possesses and thereafter maintains unimpaired paid-in capital of: at least \$100,000 for a pure captive insurance company; at least \$200,000 for an industrial insured captive insurance company; and an amount determined by the office for special purpose captive insurance company. A pure captive insurance company incorporated as a nonprofit corporation must possess and maintain unrestricted net assets of at least \$250,000.</p> <p>§ 628.908 A captive insurance company must possess and maintain unimpaired surplus of: at least \$150,000 for a pure captive insurance company; at least \$300,000 for an industrial insured captive insurance company incorporated as a stock insurer; at least \$500,000 for an industrial insured captive insurance company incorporated as a mutual insurer; and an amount determined by the office for special purpose captive insurance company.</p> <p>§ 628.907 Contributions to a captive insurance company incorporated as a nonprofit corporation must be in the form of cash, cash equivalent, or an irrevocable letter of credit issued by a bank chartered by this state or a member bank of the Federal Reserve System with a branch office in this state, or as approved by the office.</p>

FLORIDA (cont.)

CAPTIVE INSURANCE COMPANY LAWS

	FLORIDA (cont.)
Taxation	<p>Rule 12B-8.001 Captive insurers shall pay a tax at the rate of 1.75 percent of the gross amount of receipts for insurance premiums.</p>
Reports and statements	<p>§ 628.911 No later than March 1, a captive insurance company or a captive reinsurance company shall submit to the department a report of its financial condition verified by oath of 2 of its executive officers.</p>
Legal Investments	No provision
Miscellaneous	<p>§ 628.915 No captive insurance company shall be permitted to join or contribute financially to any joint underwriting association or guaranty fund in this state; nor shall any captive insurance company, its insured, or its parent or any affiliated company receive any benefit from any such joint underwriting association or guaranty fund for claims arising out of the operations of such captive insurer.</p> <p>§ 628.906 A license may be denied, suspended or revoked if any person who is an officer or director of an insurer, reinsurer, captive insurance company, captive reinsurance company, financial institution or financial services business and who served in that capacity within the 2-year period prior to the date the institution became insolvent unless the officer or director demonstrates his or her personal actions or omissions were not a contributing cause to the insolvency or unless the officer or director is immediately removed. A license may be denied, suspended or revoked if any officer or director, stockholder that owns 10 percent or more of the outstanding voting securities or incorporator has been found guilty of, or has pleaded guilty or nolo contendere to, any felony or crime involving moral turpitude.</p> <p>§§ 628.912 to 628.9142; 628.918 Provisions for captive reinsurance companies.</p>

CAPTIVE INSURANCE COMPANY LAWS

	GEORGIA (12/24)
Citation	Ga. Code Ann. §§ 33-41-1 to 33-41-26; 33-41-100 to 33-41-106
Formation	<p>§§ 33-41-5 to 33-41-7 A pure captive insurance company or an agency captive insurance company may be incorporated as a stock insurer or organized as a manager-managed limited liability company. An association captive insurance company, an industrial insured captive insurance company, a sponsored captive insurance company, or a risk retention group captive insurance company may be incorporated as a stock insurer, or incorporated as a mutual insurer, or organized as a manager-managed limited liability company.</p> <p>§ 33-41-7 A captive insurance company shall be managed by not less than 3 directors or managers. At least one of the directors or managers of every captive insurance company shall be a resident of this state.</p>
Minimum capital/surplus; letters of credit	<p>§§ 33-41-8 The amount of minimum capital or surplus required for each captive insurer shall be determined on an individual basis. A pure captive insurance company shall maintain at least \$250,000 in surplus, an association captive insurance company shall maintain a minimum of \$500,000 in surplus, an agency captive insurance company shall maintain at least \$250,000 in surplus, an industrial insured captive insurance company shall maintain at least \$500,000 in surplus, a risk retention group shall maintain at least \$500,000 in surplus, and a sponsored captive insurance company shall maintain at least \$250,000 in surplus. Capital or surplus minimums shall be maintained in cash, CDs or similar investments insured by FDIC, savings accounts, or letter(s) of credit. Any letters of credit must meet the requirements of this chapter, <i>see</i> §33-41-9.</p>
Taxation	<p>§ 33-41-22 All captive insurance companies shall pay: A tax rate of 0.4 percent on the first \$20 million and 0.3percent on each dollar thereafter on its direct premiums collected, after deducting from the direct premiums subject to the tax the amounts paid to policyholders as return premiums which must include dividends on unabsorbed premiums or premium deposits returned or credited to policyholders. Risk retention group captive insurance companies are only subject to taxes on direct premiums collected for coverages within this state.</p> <p>A tax at the rate of 0.225 percent on the first \$20 million of assumed reinsurance premium, and 0.150 percent on the next \$20 million and 0.050 percent on the next \$20 million, and 0.025 percent of each dollar thereafter. However, no reinsurance tax applies to premiums for risks or portions of risks that are subject to taxation on a direct basis pursuant to paragraph (1) of this code section. No reinsurance premium tax shall be payable in connection with the receipt of assets in exchange for the assumption of loss reserves and other liabilities of another insurer under common ownership and control, provided that the commissioner verifies that such transaction is part of a plan to discontinue the operations of such other insurer, and if the intent of the parties to such transaction is to renew or maintain such business with the captive insurance company.</p> <p>If the aggregate taxes to be paid by a captive insurance company calculated under paragraphs (1) and (2) of this code section amount to more than \$100,000 in any year, the captive insurance company shall pay a maximum tax of \$100,000 for that year.</p> <p>Two or more captive insurance companies under common ownership shall be taxed as though they were a single captive insurance company.</p>

GEORGIA (cont.)

CAPTIVE INSURANCE COMPANY LAWS

	GEORGIA (cont.)
Reports and statements	<p>§§ 33-41-15, 33-3-21 Each captive insurance company shall be required to file annual and other reports of its business affairs and operations as prescribed by Code Section 33-3-21.</p> <p>On or before March 1, every insurer shall make and file with the Commissioner a report of its affairs and operations during the year ending on December 31 of the preceding year.</p>
Legal Investments	<p>§ 33-41-18 Risk retention group captive insurance companies, industrial insured captive insurance companies, and association captive insurance companies shall comply with the investment requirements applicable to other insurers. No pure captive insurance company or agency captive insurance company shall be subject to any restrictions on eligible investments; however, the commissioner may prohibit or limit any investment that threatens the solvency or liquidity of any such captive insurance company.</p>
Miscellaneous	<p>§ 33-41-19 No captive insurance company shall be required to join or use the rates, rating systems, underwriting rules, or policy or bond forms of a rating or advisory organization. No captive insurance company shall be required to file its premium rates or policy forms with the commissioner or any other authority of this state.</p> <p>§ 33-41-20 No captive insurance company other than an association or industrial insured captive insurance company issuing workers' compensation insurance contracts shall be permitted to join or contribute financially to the Georgia Insurers Insolvency Pool under Chapter 36 of Title 33 or any other plan, pool, or association guaranty or insolvency fund in this state. Other than an association or industrial insured captive insurance company issuing workers' compensation insurance contracts, no captive insurance company, or its insureds or claimants against its insureds, nor its parent or any affiliated company shall receive any benefit from the Georgia Insurers Insolvency Pool or any other plan, pool, or association guaranty or insolvency fund for claims arising out of the operations of such captive insurance company.</p> <p>§§ 33-41-100 to 33-41-106 Provisions applicable to sponsored captive and protected cell captive insurance companies.</p>

CAPTIVE INSURANCE COMPANY LAWS

	HAWAII (12/24)
Citation	Haw. Rev. Stat. §§ 431:19-101 to 431:19-116; 431:19-201 to 431:19-214; 431:19-301 to 431:19-309
Formation	<p>§ 431:19-106</p> <p>A captive insurer shall be incorporated as a stock insurer with its capital divided into shares and held by the stockholders; incorporated as a nonprofit insurer; incorporated as a mutual insurer without stock; organized as a reciprocal insurer; or organized as a member-managed or manager-managed limited liability company.</p>
Minimum capital/surplus; letters of credit	<p>§ 431:19-104</p> <p>All captive insurers shall possess and thereafter maintain unimpaired capital surplus of an amount established and deemed appropriate by the commissioner. The minimum capital or surplus requirements for captive insurance companies are as follows: Class 1 = \$100,000, Class 2 = \$250,000, Class 3 = \$500,000, Class 4 = \$500,000 and Class 5 = an amount as determined by the commissioner on a case by case basis. Any captive insurers shall possess and thereafter maintain a free surplus of an amount established and deemed appropriate by the commissioner. The capital and surplus may be in the form of cash or an irrevocable letter of credit, a trust, public obligations, or any other forms of security deemed appropriate by the commissioner.</p>
Taxation	<p>§ 431:19-116</p> <p>On or before March 1 of each year each captive insurer shall pay a tax on gross premiums. The tax is equal to .25 per cent on \$0 to \$25 million, .15 per cent on \$25 million to \$50 million, .05 per cent on \$50 million to \$250 million, and 0.00 per cent on more than \$250 million. The maximum tax shall not exceed \$200,000.</p>
Reports and statements	<p>§ 431:19-107</p> <p>Each captive insurer other than a risk retention captive insurance company shall submit to the commissioner a statement of financial condition audited by an independent certified public accountant on or before the last day of the sixth month following the end of the company's fiscal year. Risk retention captives shall file annually on or before March 1 using the NAIC annual statement blank and shall file an audit on or before June 1.</p>
Legal Investments	<p>§ 431:19-110</p> <p>Captive insurance companies, except risk retention captives, may maintain investments in accordance with a strategic investment policy approved by the commissioner. A captive insurance company that does not maintain a strategic investment policy and risk retention captive insurance company shall be subject to statutory restrictions on allowable investments.</p>

HAWAII (cont.)

CAPTIVE INSURANCE COMPANY LAWS

	HAWAII (cont.)
Miscellaneous	<p>§ 431:19-101.2 Includes confidentiality provisions.</p> <p>§ 431:19-112 A captive insurer shall not be required to join a rating organization.</p> <p>§ 431:19-113 A captive insurer shall not be permitted to join or contribute financially to any plan, pool, association or guaranty or insolvency fund in this state, nor shall any captive insurance company, or its insured, or its parent or any affiliated company, or any member organization of its association, receive any benefit from a plan, pool, association or guaranty or insolvency fund for claims arising out of the operations of the captive insurer.</p> <p>§§ 431:19-201 to 431:19-214 Provisions for special purpose financial captive.</p> <p>§§ 431:19-301 to 431:19-309 Provisions for sponsored captive.</p>

CAPTIVE INSURANCE COMPANY LAWS

	IDAHO (12/24)
Citation	No provision
Formation	
Minimum capital/surplus; letters of credit	
Taxation	
Reports and statements	
Legal Investments	
Miscellaneous	

CAPTIVE INSURANCE COMPANY LAWS

	ILLINOIS (12/24)
Citation	215 Ill. Comp. Stat. (ILCS) 5/123C-1 to 5/123C-28; 215 ILCS 5/13
Formation	215 ILCS 5/123C-5 A pure captive insurer shall be incorporated as a stock insurer with its capital divided into shares and held by the stockholders. An association captive insurer or an industrial insured captive insurer may be incorporated as a stock insurer with its capital divided into shares and held by the stockholders, or as a mutual insurer without capital stock.
Minimum capital/surplus; letters of credit	215 ILCS 5/123C-3 All captive insurers shall possess and thereafter maintain unimpaired paid-in capital of not less than the \$250,000 for a pure captive insurer, \$500,000 for an industrial insured captive insurer, and \$750,000 for an association captive insurance company. Must be in the form of: United States currency; irrevocable letter of credit; bonds of this state; or bonds or other evidences of United States indebtedness which are guaranteed by the United States.
Taxation	215 ILCS 5/123C-16 Every captive insurer doing business in this state shall pay to the same extent and in the same manner as a domestic insurance company.
Reports and statements	215 ILCS 5/123C-9 Prior to March 1 of each year, each captive insurer shall submit to the director a report of its financial condition, verified by oath of 2 of its executive officers. Prior to June 1 each captive insurer shall submit to the director a report of its financial condition at last year's end with an independent certified public accountant's opinion of the company's financial condition.
Legal Investments	215 ILCS 5/123C-12 A pure captive insurer or industrial insured captive insurer shall not be subject to any restrictions on allowable investments; however, the director may prohibit or limit any investment or type of investment that threatens the solvency or liquidity of any such company. Association captive insurers must comply with investment laws applicable to other insurers. A captive insurance company may make loans to its affiliates with the prior approval of the director, but may not make a loan of the minimum capital and surplus funds required.

ILLINOIS (cont.)

CAPTIVE INSURANCE COMPANY LAWS

	ILLINOIS (cont.)
Miscellaneous	<p>215 ILCS 5/123C-22 A captive insurer may borrow or assume a liability for the repayment of a sum of money upon a written agreement for the loan or advance. The agreement shall first be submitted to and approved by not less than a majority of the board of directors of a stock company or a mutual company and the director.</p> <p>215 ILCS 5/123C-14 A captive insurer shall not be required to join a rating organization.</p> <p>215 ILCS 5/123C-15 No captive insurance company shall be permitted or required to join or contribute financially to any plan, pool, association, or guaranty or insolvency fund in this state, nor shall any captive insurance company, nor its insureds nor any claimants against the insureds, nor its parent nor any affiliated company, nor any member organization of its association, receive any benefit from any such plan, pool, association, or guaranty or insolvency fund for claims arising out of the operations of such captive insurance company.</p>

CAPTIVE INSURANCE COMPANY LAWS

	INDIANA (12/24)
Citation	IC 27-1-2-2.3
Formation	IC 27-1-2-2.3 Required to register with the commissioner, but not required to obtain a certificate of authority for domestic formation or foreign company admission.
Minimum capital/surplus; letters of credit	
Taxation	IC 27-1-2-2.3 For each calendar year doing business in Indiana, pay \$2,500 into the treasury of the state by April 15 of the following calendar year.
Reports and statements	
Legal Investments	
Miscellaneous	

CAPTIVE INSURANCE COMPANY LAWS

	IOWA (12/24)
Citation	I.C.A. §§ 521J.1 to 521J.27
Formation	<p>I.C.A. § 521J.2. A captive company shall not write any insurance business unless it obtains a certificate of authority from the commissioner prior to writing any insurance business; the captive company's board of directors or managing members or subscribers' advisory committee holds at least one annual meeting in the state; the captive company maintains its principal place of business in the state; and the captive company designates a registered agent to accept service of process.</p> <p>I.C.A. § 521J.5. A captive company must be formed or organized as a business entity as provided under this chapter. An industrial insured captive company shall be incorporated as a stock insurer, incorporated as a mutual insurer without capital stock, organized as a reciprocal insurer as permitted by the commissioner; or organized as a manager-managed limited liability company. A captive company incorporated or organized in this state shall be incorporated or organized by at least one incorporator or organizer who is a resident of the state. At least 1 member of the board of directors of a captive company shall be a resident of this state. A captive risk retention group shall have a minimum of 5 directors. A captive company formed as an LLC shall have at least 1 manager who is a resident of this state.</p>
Minimum capital/surplus; letters of credit	<p>I.C.A. § 521J.4. The commissioner shall not issue a certificate of authority to a captive company unless the captive company possesses and maintains unimpaired paid-in capital and surplus that meets the following requirements: is not less than \$250,000 for a pure captive company; is not less than \$500,000 for an industrial insured captive company, including a captive risk retention group; is an amount determined by the commissioner based on consideration of the captive company's business plan, feasibility study, and pro forma documents; is not less than \$500,000 for a protected cell captive company, which the commissioner may reduce to not less than \$250,000 for a protected cell captive company that does not assume any risks, insures homogenous risks, and contains no more than 10 cells. The commissioner may require additional capital and surplus for a captive company based on the type, volume, and nature of insurance business transacted by the captive company.</p>
Taxation	<p>I.C.A. § 521J.7. Prior to April 1, the captive company and captive risk retention group shall file a report covering the immediately preceding calendar year with the commissioner to provide sufficient information to support the captive company's premium tax return under section 432.1A.</p> <p>I.C.A. § 432.1A. Each captive insurance company shall pay by March 1 of each year a tax on the direct premiums collected or contracted for during the previous year, calculated as follows: seven-twentieths of one percent on the first \$20 million; and one-quarter of one percent on each dollar of direct premiums thereafter. Each captive shall also pay by March 1 tax on assumed reinsurance premiums, calculated as follows: two hundred thousandths of one percent on the first \$20 million; one hundred twenty-five thousandths of one percent on the next \$20 million; forty-five thousandths of one percent on the next \$20 million; and twenty thousandths of one percent on each dollar thereafter. The aggregate taxes paid by a captive insurance company may not be less than \$5,000.</p>

IOWA (cont.)

CAPTIVE INSURANCE COMPANY LAWS

	IOWA (cont.)
Reports and statements	<p>I.C.A. § 521J.7. Each captive company and captive risk retention group must file a report regarding the company’s financial condition as of December 31 by April 1 of the next year with the commissioner.</p>
Legal Investments	<p>I.C.A. § 521J.13. Industrial insured captive companies and captive risk retention groups shall comply with investment requirements established by the commissioner. A pure captive company or a protected cell captive company shall not be subject to any restrictions on allowable investments, except that the commissioner may prohibit or limit any investment that threatens the solvency or liquidity of the pure captive company.</p>
Miscellaneous	<p>I.C.A. § 521J.2. Each captive insurance company including each protected cell shall pay an initial registration fee and an annual renewal registration fee of \$300.00.</p> <p>I.C.A. § 521J.5. This chapter will prevail in any conflict between it and any state law governing corporations or other business entities.</p> <p>I.C.A. § 521J.7. All captive companies shall be audited annually by an independent CPA and file the audited financial report with the commissioner by June 1.</p> <p>I.C.A. § 521J.13. Any captive company may make loans to any of the captive company’s affiliates with prior written approval of the commissioner. Loans may not be made from required minimum capital and surplus funds.</p> <p>I.C.A. § 521J.15. A captive company shall not be required to join a rating organization.</p> <p>I.C.A. § 521J.16. A captive company shall not join or contribute financially to any plan, pool, association, or guaranty or insolvency fund in this state. A captive company or any insured, parent, or affiliated company of the captive company shall not receive any benefit from a plan, pool, association, or guaranty or insolvency fund for claims arising out of the operations of the captive company.</p> <p>I.C.A. §§ 521J.17. to 521J.21. Provisions for protected cell captive companies.</p> <p>I.C.A. §§ 521J.22 Provisions for dormant captive companies.</p>

CAPTIVE INSURANCE COMPANY LAWS

	KANSAS (12/24)
Citation	Kan. Stat. Ann. §§ 40-4301 to 40-4353
Formation	<p>§ 40-4306</p> <p>A pure captive insurance company shall be incorporated as a stock insurer, as a nonstock corporation, or may be formed as a limited liability company, partnership or limited partnership. An association captive insurance company may be incorporated as a stock corporation or as a nonstock corporation, or may be formed as a limited liability company, partnership or limited partnership. A captive insurer shall have 1 or more incorporators or organizers, at least 1 of whom shall be a resident of the state. For a corporation, at least one of the members of the board of directors, for a limited liability company, at least one of the managers, or for a partnership, at least one partner shall be a resident of the state.</p>
Minimum capital/surplus; letters of credit	<p>§ 40-4304</p> <p>Captive insurers shall possess and thereafter maintain unimpaired paid-in capital of not less than: \$250,000 if a pure captive insurer; and \$500,000 if an association captive insurer. The surplus and capital may be in cash or in an irrevocable letter of credit issued by a bank chartered by the State of Kansas, domiciled in Kansas and approved by the commissioner.</p>
Taxation	<p>§ 40-4314</p> <p>At the time of filing financial report, each captive insurer is to pay two-tenths of one percent on each dollar of direct premiums for the previous year up to \$500,000. No later than March 1, each captive insurer must pay one-tenth of one percent on each dollar assumed from reinsurance premiums up to \$300,000.</p>
Reports and statements	<p>§ 40-4307</p> <p>Prior to March 1 of each year, each captive insurer shall submit to the commissioner a report of its financial condition, verified by oath of 2 of its executive officers.</p>
Legal Investments	<p>§ 40-4310</p> <p>Captive insurer investment requirements included or as otherwise approved by the commissioner. Investments of association captive companies shall be valued in accordance with the NAIC procedures.</p>

KANSAS (cont.)

CAPTIVE INSURANCE COMPANY LAWS

	KANSAS (cont.)
Miscellaneous	<p>§ 40-4312 A captive insurer shall not be required to join a rating organization.</p> <p>§ 40-4313 No captive insurer shall be permitted to join or contribute financially to any plan, pool, association or guaranty or insolvency fund in this state, nor shall any captive insurer, or its insured, or its parent or any affiliated company, receive any benefit from any such plan, pool, association or guaranty or insolvency fund for claims arising out of the operations of such captive insurance company.</p> <p>§§ 40-4325 to 40-4331 Provisions applicable to branch captive insurance companies.</p> <p>§§ 40-4332 to 40-4352 Provisions applicable to special purpose insurance captives.</p>

CAPTIVE INSURANCE COMPANY LAWS

	KENTUCKY (12/24)
Citation	Ky. Rev. Stat. Ann. §§ 304.49-010 to 304.40-230
Formation	<p>§ 304.49-060</p> <p>A captive insurer shall be formed as a: stock insurer with its capital divided and held by the stockholders; mutual insurer without capital stock; reciprocal insurer; limited liability company; business corporation; non-stock, non-profit corporation; partnership, limited partnership, statutory business trust, or other legal person or entity other than a natural person in his or her individual capacity, with the approval of the commissioner. A captive insurer in Kentucky shall have at least one incorporator or organizer.</p>
Minimum capital/surplus; letters of credit	<p>§ 304.49-040</p> <p>No captive insurer shall be issued a certificate of authority unless it shall possess and thereafter maintain unimpaired paid-in capital and surplus of not less than: for pure captive insurer, \$250,000; for consortium, sponsored, agency, or an industrial insured captive insurer, \$500,000; and for special purpose captive insurer, \$250,000. Capital and surplus shall be in the form of cash, an irrevocable letter of credit issued by a bank approved by the commissioner and chartered by the Commonwealth of Kentucky or a member bank of the Federal Reserve System, a surplus note approved by the commissioner, or other assets as may be approved by the commissioner.</p>
Taxation	<p>§ 304.49-220</p> <p>Each captive insurer shall pay on or before March 1 in each year, a tax at the rate of 0.4% on the first \$20 million; 0.3% on the next \$20 million; 0.2% on the next \$20 million; and 0.075% on each dollar thereafter on direct premiums collected or contracted for. Each captive shall also pay a tax of 0.225% on the first \$20 million; 0.15% on the next \$20 million; 0.05% on the next \$20 million; and 0.025% on each subsequent dollar thereafter of assumed reinsurance premiums. The minimum total tax per year is \$5,000.</p>
Reports and statements	<p>§ 304.49-070</p> <p>On or before March 1 of each year, each captive insurer shall submit to the commissioner a report of its financial condition, verified by oath of 2 of its executive officers.</p>
Legal Investments	<p>§ 304.49-100</p> <p>A captive insurer shall not be subject to any restrictions on allowable investments. The commissioner may prohibit or limit any investment that threatens the solvency or liquidity of any company.</p>

KENTUCKY (cont.)

CAPTIVE INSURANCE COMPANY LAWS

	KENTUCKY (cont.)
Miscellaneous	<p>§ 304.49-120 No captive insurer shall be required to join a rating organization.</p> <p>§ 304.49-130 No captive insurer, including a captive insurer organized as a reciprocal insurer, shall be permitted to join or contribute financially to any plan, pool, association, or guaranty or insolvency fund in Kentucky, nor shall any such captive insurer, or its insured, or its parent or any affiliated company, or any member organization of its consortium, or in the case of a captive insurer organized as a reciprocal insurer, any subscriber thereof, receive any benefit from any such plan, pool, association, or guaranty or insolvency fund for claims arising out of the operations of such captive insurer.</p> <p>§§ 304.49-190; 304.49-228 Provisions for protected cell sponsored captives.</p>

CAPTIVE INSURANCE COMPANY LAWS

	LOUISIANA (12/24)
Citation	La. Rev. Stat. Ann. §§ 22:550.1 to 22:550.26
Formation	§ 22:550.5 A pure captive or an association captive must be incorporated as a stock insurer.
Minimum capital/surplus; letters of credit	§ 22:550.10 A pure captive shall maintain unimpaired capital and surplus of not less than \$500,000. An association captive insurer shall maintain unimpaired capital and surplus of not less than \$1 million. The capital must be in the form of cash, cash equivalents, or bonds or evidences of indebtedness which are direct general obligations of the government of the United States.
Taxation	§ 22:550.23 A captive insurer shall be subject to the same rate of taxation as domestic insurers.
Reports and statements	§ 22:550.21 Every captive insurer shall file annual statement on or before March 1, verified by the oath of at least 2 of its executive officers; shall file audited statement on or before June 30. The audit opinion shall be in a form approved by the commissioner and must be issued by a qualified actuary.
Legal Investments	§ 22:550.16 An association captive insurer shall comply with requirements similar to other insurers. A pure captive insurer is not subject to restrictions on investments; may make a loan to its parent or affiliated company if approved in writing by the commissioner, is evidenced by a note in a form approved by the commissioner and does not include any money that has been set aside as capital or surplus.
Miscellaneous	§ 22:550.18 A captive insurer shall not join or contribute financially to any risk-sharing plan, risk pool or insurance insolvency guaranty fund in this state. A captive insurer or its insured, its parent or an affiliated company, or any member organization of its association shall not receive any benefit from such a plan, pool or fund for claims arising out of the operations of the captive insurer.

CAPTIVE INSURANCE COMPANY LAWS

	MAINE (12/24)
Citation	Me. Rev. Stat. Ann. tit. 24-A §§ 6701 to 6725
Formation	<p>24-A § 6706</p> <p>A pure captive insurer must be incorporated as a stock insurer with its capital divided and held by stockholders, incorporated as a nonprofit corporation formed under nonprofit law, or organized as a limited liability company. An association captive insurer may be incorporated as a stock insurer with its capital divided and held by stockholders or as a mutual insurer without capital stock or organized as a reciprocal insurer or a limited liability company. A captive insurer may not have fewer than 3 incorporators or organizers, of whom at least one must be a resident of this state. At least one member of the board of directors or subscribers' advisory committee, or at least one manager, must be a resident this state.</p>
Minimum capital/surplus; letters of credit	<p>24-A § 6704</p> <p>A captive insurance company may not be issued a license unless the company has and maintains unimpaired paid-in capital and surplus of not less than; for pure captive insurers, \$250,000; for association captive insurers, \$750,000; for industrial insured captive insurers and sponsored captive insurers, \$500,000; and for risk retention groups, \$1 million. The required capital may be in the form of cash, an irrevocable letter of credit issued by a bank chartered in this state or a member bank of the Federal Reserve System, or any other security approved by the superintendent.</p>
Taxation	<p>24-A § 6720</p> <p>Taxes and assessments as set out in §§ 237, 601 and 602 apply to captive insurers in the same manner as they apply to other insurers.</p>
Reports and statements	<p>24-A § 6707</p> <p>Each captive insurer shall submit an annual statement of financial condition, audited by an independent certified public accountant, to the superintendent on or before the last day of the sixth month following the end of the company's fiscal year. An association captive or industrial insured captive insurer shall file quarterly and annual statements of its financial conditions, transactions, and affairs, verified by oath of at least 2 of the insurer's principal officers. The reports submitted should include known claims and associated expenses, claims incurred but not reported and associated expenses, unearned premiums and bad debts.</p>
Legal Investments	<p>24-A § 6710</p> <p>A pure captive insurer is not subject to any restrictions on allowable investments. A pure captive may not make a loan or investment in a parent without prior written approval of the superintendent. Association captive and industrial insured captive insurers are subject to the restrictions on allowable investments applicable to admitted insurers transacting the same type of business.</p>

MAINE (cont.)

CAPTIVE INSURANCE COMPANY LAWS

	MAINE (cont.)
Miscellaneous	<p>24-A § 6712 A captive insurance company is not required to become a member of a rating organization.</p> <p>24-A § 6713 A captive insurance company may not join or contribute financially to any plan, pool, association or guaranty or insolvency fund in this state, and a captive insurance company and its insureds, its parent or any affiliated company or member organization of its association may not receive any benefit from the plan, pool, association or guaranty or insolvency fund for claims arising out of the operations of the captive insurance company.</p> <p>24-A § 6715 Includes confidentiality provisions.</p> <p>24-A § 6724 Provisions for sponsored captive insurers.</p> <p>24-A § 6725 Provisions for branch captive insurers.</p>

CAPTIVE INSURANCE COMPANY LAWS

	MARYLAND (12/24)
Citation	No provision
Formation	
Minimum capital/surplus; letters of credit	
Taxation	
Reports and statements	
Legal Investments	
Miscellaneous	

CAPTIVE INSURANCE COMPANY LAWS

	MASSACHUSETTS (12/24)
Citation	830 CMR 63.32B.2
Formation	
Minimum capital/surplus; letters of credit	
Taxation	830 CMR 63.32B.2 Corporations that are required to be included in a combined group and therefore required to be included in a combined report filed by a taxable member of a combined group, shall include all entities of the kind that are subject to tax or would be subject to tax if doing business in the commonwealth, including so-called “captive” insurance companies, if such entities do not qualify for treatment as a life insurance company.
Reports and statements	
Legal Investments	
Miscellaneous	

CAPTIVE INSURANCE COMPANY LAWS

	MICHIGAN (12/24)
Citation	Mich. Comp. Laws §§ 500.4601 to 500.4673; 500.4701 to 500.4747; 500.4801 to 500.4813
Formation	<p>§ 500.4619</p> <p>A pure captive or sponsored captive may be incorporated as a stock insurer with its capital divided into shares and held by the stockholders; incorporated as a public benefit, mutual benefit or religious nonprofit corporation; or organized as a limited liability company with its capital divided into capital accounts and held by its members. An association captive or industrial insured captive insurance company may be incorporated as a stock insurer, organized as a limited liability company, or incorporated as a mutual insurer without capital stock. A captive formed as a corporation or nonprofit must have at least one member of the board of directors be a resident of this state. A captive formed as a limited liability company must have at least one manager be a resident of this state.</p>
Minimum capital/surplus; letters of credit	<p>§ 500.4611</p> <p>A captive insurance company must possess and maintain unimpaired paid in capital and retained earnings of not less than: for a pure captive insurance company, \$150,000, or \$250,000 if incorporated as a nonprofit corporation; for an association captive insurance company incorporated as a stock insurer or organized as a limited liability company, \$400,000; for an association captive insurance company incorporated as a mutual insurer, \$750,000; for an industrial insured captive, \$300,000; for a sponsored captive insurance company, \$500,000. However, if the sponsored captive insurance company does not assume any risk, the risks insured by the protected cells are homogeneous, and there are no more than 10 cells, the commissioner may reduce this amount to an amount not less than \$150,000.00. All of the minimum initial capitalization shall be in cash. The commissioner may prescribe additional capital based upon the type, volume, and nature of insurance business transacted. This additional capital shall be in the form of cash, cash equivalent, an irrevocable letter of credit, or securities.</p>
Taxation	No provision
Reports and statements	<p>§ 500.4621</p> <p>Annually, not later than 60 days after the end of the fiscal year, a captive insurance company shall submit to the commissioner a report of its financial condition, verified by oath of 2 of its executive officers.</p>
Legal Investments	<p>§ 500.4639</p> <p>An association captive and industrial insured captive shall comply with the investment requirements applicable to other insurers. Pure captives and special purpose captives are not subject to any restrictions on allowable investments, but the commissioner may request a written investment plan and may prohibit or limit an investment that threatens the solvency or liquidity of the company. A pure captive insurance may make loans to its parent company or affiliates and only upon the prior written approval of the commissioner.</p>

MICHIGAN (cont.)

CAPTIVE INSURANCE COMPANY LAWS

	MICHIGAN (cont.)
Miscellaneous	<p>§ 500.4609 Confidentiality provisions.</p> <p>§ 500.4643 A captive insurer shall not be required to join a rating organization.</p> <p>§ 500.4645. A captive insurance company shall not join or contribute financially to a plan, pool, association, or guaranty or insolvency fund in this state. A captive insurance company, its insured, its parent, or any affiliated company or any member organization of its association, shall not receive a benefit from a plan, pool, association, or guaranty or insolvency fund for claims arising out of the operations of the captive insurance company.</p> <p>§§ 500.4663 to 500.4669 Provisions for sponsored captive insurance companies.</p> <p>§§ 500.4701 to 500.4747 Provisions for special purpose financial captives.</p> <p>§§ 500.4801 to 500.4813 Provisions for protected cell insurance companies.</p>

CAPTIVE INSURANCE COMPANY LAWS

	MINNESOTA (12/24)
Citation	No provision
Formation	
Minimum capital/surplus; letters of credit	
Taxation	
Reports and statements	
Legal Investments	
Miscellaneous	

	MISSISSIPPI (12/24)
Citation	No provision
Formation	
Minimum capital/surplus; letters of credit	
Taxation	
Reports and statements	
Legal Investments	
Miscellaneous	

CAPTIVE INSURANCE COMPANY LAWS

	MISSOURI (12/24)
Citation	Mo. Rev. Stat. §§ 379.1300 to 379.1421
Formation	<p>§ 379.1310</p> <p>A pure captive insurance company may be formed as a stock insurer with its capital divided into shares and held by the stockholders, as a nonprofit corporation with one or more members, or as a manager-managed limited liability company. An association captive insurance company or an industrial insured captive insurance company may be incorporated as a stock insurer with its capital divided into shares and held by the stockholders; incorporated as a mutual insurer without capital stock, the governing body of which is elected by its insureds; organized as a manager-managed limited liability company; or organized as a reciprocal insurer. Shall have not less than 3 incorporators or 3 organizers of whom not less than one shall be a resident of this state.</p>
Minimum capital/surplus; letters of credit	<p>§ 379.1306</p> <p>No captive insurance company shall be issued a license unless it shall possess and maintain unimpaired paid-in capital and surplus of not less than: in the case of a pure captive insurance company, \$250,000; in the case of an association captive insurance company, an industrial insured captive insurance company, or a sponsored captive insurance company, \$500,000. Capital and surplus may be in the form of cash or an irrevocable letter of credit issued by a bank chartered by the State of Missouri or a member bank of the Federal Reserve System, and approved by the director.</p>
Taxation	<p>§ 379.1326</p> <p>Each captive insurance company shall pay to the director of revenue, on or before May 1 of each year, a premium tax at the rate of thirty-eight-hundredths of one percent on the first \$20 million and two hundred eight-five-thousandths of one percent on the next \$20 million and nineteen-hundredths of one percent on the next \$20 million and seventy-two-thousandths of one percent on each dollar thereafter on the direct premiums collected or contracted for on policies or contracts of insurance written by the captive insurance company during the year ending December 31 next preceding. The annual minimum aggregate tax shall be \$7,500, and the annual maximum aggregate tax shall be \$200,000.</p> <p>§ 379.1412</p> <p>Each special purpose life insurance captive (SPLRC) shall pay to the director of revenue, on or before May 1 of each year, a premium tax at the rate of two hundred fourteen thousandths of one percent on the first \$20 million of assumed reinsurance premium, and one hundred forty-three thousandths of one percent on the next \$20 million and forty-eight thousandths of one percent on the next \$20 million and twenty-four thousandths of one percent on each dollar thereafter. The annual minimum aggregate tax to be paid by a SPLRC shall be \$7,500, and the annual maximum aggregate tax shall be \$200,000.</p>
Reports and statements	<p>§ 379.1312</p> <p>Prior to March 1 of each year, each captive insurance company shall submit to the director a report of its financial condition, verified by oath of 2 of its executive officers.</p>

MISSOURI (cont.)

CAPTIVE INSURANCE COMPANY LAWS

	MISSOURI (cont.)
Legal Investments	<p>§ 379.1318 Association captive insurance companies shall comply with investment restrictions applicable to other insurers. No pure captive insurance company or industrial insured captive insurance company shall be subject to any restrictions on allowable investments, but the director may prohibit or limit any investment that threatens the solvency or liquidity of the company. No pure captive insurance company shall make a loan to or an investment in its parent company or affiliates without prior written approval of the director.</p>
Miscellaneous	<p>§ 379.1314 Includes confidentiality provisions.</p> <p>§ 379.1322 No captive insurer shall be required to join a rating organization.</p> <p>§ 379-1324 No captive insurance company shall be permitted to join or contribute financially to any plan, pool, association, or guaranty, or insolvency fund in this state, nor shall any such captive insurance company or any insured or affiliate thereof receive any benefit from any such plan, pool, association, or guaranty, or insolvency fund for claims arising out of the operations of such captive insurance company.</p> <p>§ 379-1351 Provisions for protected cell and sponsored captives.</p> <p>§§ 379-1353 to 379.1421 Provisions for special purpose life reinsurance captives.</p>

CAPTIVE INSURANCE COMPANY LAWS

	MONTANA (12/24)
Citation	Mont. Code Ann. §§ 33-28-101 to 33-28-120; 33-28-201 to 33-28-207; 33-28-301 to 33-28-310; Reg. §§ 6.6.6801 to 6.6.6821
Formation	<p>§ 33-28-105</p> <p>A captive insurer must be formed or organized as a business entity as provided. An association captive insurer or an industrial insured captive insurer may be incorporated as a stock insurer with its capital divided and held by stockholders or as a mutual insurer without capital stock; or organized as a reciprocal insurer or manager-managed limited liability company. At least one incorporator or organizer must be a resident of this state. At least one of the members of the board of directors or subscribers' advisory committee, or at least one of the managers, must be a resident of this state.</p>
Minimum capital/surplus; letters of credit	<p>§ 33-28-104</p> <p>A captive insurer shall possess and maintain unimpaired paid-in capital and surplus of not less than: if a pure captive insurer, \$250,000; or if an industrial insured captive insurer, including a captive risk retention group, an association captive insurer, or a protected cell captive, \$500,000. The capital and surplus may be in the form of cash, cash equivalent, or an irrevocable letter of credit on a form prescribed by the commissioner and that is issued by a bank chartered by Montana, or a member bank of the Federal Reserve System and approved by the commissioner.</p>
Taxation	<p>§ 33-28-201</p> <p>Each captive insurer shall pay on or before March 1 of each year, a tax on the direct premiums collected during the year ending December 31. The amount of tax is 0.4% on the first \$20 million, 0.3% on each subsequent dollar collected. Each captive shall also pay a tax on assumed reinsurance premiums. The amount of tax is 0.225% on the first \$20 million, 0.15% on the next \$20 million, 0.05% on each subsequent dollar of assumed reinsurance premiums.</p> <p>The minimum total tax per year is \$5,000. Minimum total tax is prorated for the first year of business. Aggregate taxes may not exceed \$100,000 in any year. Only the branch business of a branch captive is subject to taxation in the state.</p>
Reports and statements	<p>§ 33-28-107; Reg. 6.6.6811</p> <p>On or before April 1 of each year, each captive insurer shall submit to the commissioner a report of its financial condition, verified by oath of 2 of its executive officers. On or before March 1 of each year, a captive risk retention group shall submit to the commissioner a report of its financial condition, verified by oath by 2 of its executive officers. The commissioner may waive the filing requirement for a branch captive, if the commissioner is satisfied that the annual report filed by the foreign captive in its domicile is adequate. Each captive insurer must have an annual audit by an independent certified public accountant and must file the audit with the commissioner within 180 days of the company's fiscal year end.</p>
Legal Investments	<p>§ 33-28-202</p> <p>An industrial insured captive insurance company, an association captive insurance company, and a captive risk retention group shall comply with the investment requirements applicable to other insurers. A pure captive insurer or protected cell captive insurance company is not subject to any restrictions on allowable investments, except that the commissioner may prohibit or limit any investment that threatens the solvency or liquidity of the company. Any captive insurance company may make loans to any of its affiliates, subject to prior written approval of the commissioner.</p>

MONTANA (cont.)

CAPTIVE INSURANCE COMPANY LAWS

	MONTANA (cont.)
Miscellaneous	<p>§ 33-28-106 Approval of an ongoing plan for the payment of dividends or other distributions must be conditioned upon retention, at the time of each payment, of capital surplus in excess of the amounts specified by or determined in accordance with formulas approved by the commissioner.</p> <p>§ 33-28-204 A captive insurer is not required to join a rating organization.</p> <p>§ 33-28-205 A captive insurance company may not join or contribute financially to any plan, pool, association, or guaranty, or insolvency fund in this state, and a captive insurance company, its insureds, its parent, any affiliated company, or any member of an association may not receive any benefit from the plan, pool, association, or guaranty, or insolvency fund for claims arising out of the operations of such captive insurance company.</p> <p>§§ 33-28-301 to 33-38-310 Provisions for protected cell sponsored captives.</p>

CAPTIVE INSURANCE COMPANY LAWS

	NEBRASKA (12/24)
Citation	Neb. Rev. Stat. §§ 44-8201 to 44-8218; 77-908
Formation	<p>§ 44-8205 No person shall transact the business of insurance as a captive insurer without first applying for and obtaining from the director a certificate of authority. An applicant shall submit a nonrefundable application fee of \$500 with a plan of operation.</p> <p>§ 44-8206 A board of directors or other governing body consisting of not less than 3 individuals shall manage the business of each captive insurer. No individual may serve as a director or officer who has been convicted of fraud involving any financial institution or of a felony involving misuse of funds.</p>
Minimum capital/surplus; letters of credit	<p>§ 44-8209 No captive insurer shall be permitted to transact any business in this state unless it maintains total capital and surplus in the amount of at least \$100,000 in such form as is acceptable to the director. Any letter of credit provided shall be: (a) jointly held under the control of the director and the captive insurer for the benefit of claimants; (b) issued or confirmed by an institution that is insured by the Federal Deposit Insurance Corporation; (c) the sole property of such captive insurer; and (d) free and clear of any claim or encumbrance.</p>
Taxation	<p>§ 77-908 A captive insurer authorized under the Captive Insurers Act that is transacting business in this state shall, on or before March 1 of each year, pay to the director a tax of one-fourth of one percent of the gross amount of direct writing premiums received by such insurer during the preceding calendar year for business transacted in the state.</p>
Reports and statements	<p>§ 44-8208 Shall file with the director a report, signed and sworn to by its chief officers, of its financial condition as of the end of each fiscal year.</p>
Legal Investments	<p>§ 44-8211 Captive insurers shall be subject to the types and nature of investments as set forth in the Insurers Investment Act, but not subject to any limitations contained in such act as to invested amounts, except that the director may prohibit or limit any investment that threatens the solvency or liquidity of any such captive insurer or if such investments are not made in accordance with the approved plan of operation. No captive insurer may make a loan to or an investment in its parent or affiliated entities without prior written approval of the director.</p>
Miscellaneous	<p>§ 44-8216 Provisions applicable to special purpose financial captive insurers.</p>

CAPTIVE INSURANCE COMPANY LAWS

	NEVADA (12/24)
Citation	§§ 694C.010 to 694C.460; Nev. Admin. Code 694C.010 to 694C.310
Formation	<p>§ 694C.180</p> <p>Unless otherwise approved by the commissioner, a pure captive insurer, an agency captive insurer, a rental captive insurer or a sponsored captive insurer must be incorporated as a stock insurer. An association captive or state-chartered risk retention group insurer must be formed as a: stock insurer; mutual insurer; or reciprocal insurer. A captive insurer shall have not less than 3 incorporators or organizers, at least one of whom must be a resident of this state. At least one member of the board of directors or the subscribers advisory committee or the attorney-in-fact of a captive insurer, must be a resident of this state.</p>
Minimum capital/surplus; letters of credit	<p>§ 694C.250</p> <p>Each captive must possess and maintain unimpaired capital and surplus of not less than: if a pure captive, \$200,000; if an association captive, \$500,000; if an agency captive, \$600,000; if a rental captive, \$800,000; and if a sponsored captive insurer, \$500,000. May be in the form of cash or an irrevocable letter of credit.</p>
Taxation	<p>§ 694C.450</p> <p>Each captive insurer shall pay before March 1 of each year, a tax of: two-fifths of 1 percent on the first \$20,000,000 of its net direct premiums; one-fifth of 1 percent on the next \$20,000,000 of its net direct premiums; and seventy-five thousandths of 1 percent on each additional dollar of its net direct premiums.</p> <p>A captive insurer shall pay to the division, not later than March 1 of each year, a tax at a rate of: two hundred twenty-five thousandths of 1 percent on the first \$20,000,000 of revenue from assumed reinsurance premiums; one hundred fifty thousandths of 1 percent on the next \$20,000,000 of revenue from assumed reinsurance premiums; and twenty-five thousandths of 1 percent on each additional dollar of revenue from assumed reinsurance premiums.</p> <p>The total minimum tax is \$5,000. The maximum shall not exceed \$175,000. Two or more captives under common ownership and control must be taxed as if they were a single captive insurer. Twenty-five percent of the revenue collected from these taxes must be deposited with the state treasurer for credit to the account for the Regulation and Supervision of Captive Insurers.</p>
Reports and statements	<p>§ 694C.400; Nev. Admin. Code 694C.200</p> <p>On or before March 1 of each year, a captive insurer shall submit to the commissioner a report of its financial condition, verified by the oath of 2 executive officers of the captive insurer.</p>

NEVADA (cont.)

CAPTIVE INSURANCE COMPANY LAWS

	NEVADA (cont.)
Legal Investments	<p>§ 694C.340 An association captive or state-chartered risk retention group, an agency captive, a rental captive or a sponsored captive insurer shall comply with the requirements of investing that apply to other insurers. A pure captive insurer is not subject to any restriction on allowable investments, except that the commissioner may prohibit or limit any investment that threatens the solvency or liquidity of the company. A pure captive insurer may make a loan to its parent company if the loan is first approved in writing by the commissioner, is evidenced by a note that is in a form approved by the commissioner and does not include any money that has been set aside as capital or surplus.</p>
Miscellaneous	<p>§ 694C.460 An account is created in the state general fund for the regulation and supervision of captive insurers. Not more than 2 percent of the tax collected and deposited into the account may be transferred to an agency for economic development to be used by that agency to promote the industry of captive insurance in Nevada.</p> <p>§ 694C.370 A captive insurer is not required to join a rating organization.</p> <p>§ 694C.380 A captive insurer shall not join or contribute financially to any risk-sharing plan, risk pool or insurance insolvency guaranty fund in this state. A captive insurer or its insured, its parent or an affiliated company, or any member organization of its association shall not receive any benefit from such a plan, pool or fund for claims arising out of the operations of the captive insurer.</p> <p>§ 694C.195 Provisions for sponsored captive insurers.</p>

CAPTIVE INSURANCE COMPANY LAWS

	NEW HAMPSHIRE (12/24)
Citation	No provision
Formation	
Minimum capital/surplus; letters of credit	
Taxation	
Reports and statements	
Legal Investments	
Miscellaneous	

CAPTIVE INSURANCE COMPANY LAWS

	NEW JERSEY (12/24)
Citation	N.J. Rev. Stat. §§ 17:47B-1 to 17:47B-19; N.J.A.C. 11:28-1.1 to 11.28-1.23
Formation	<p>§ 17:47B-5</p> <p>A pure captive insurer may be incorporated or organized as a stock insurer with its capital divided into shares and held by the stockholders, a nonprofit corporation, or a manager-managed limited liability company. An association captive insurer or an industrial insured captive may be incorporated as a stock insurer with its capital divided into shares and held by the stockholders, incorporated as a mutual corporation, organized as a reciprocal insurer, or organized as a manager-managed limited liability company. A captive insurance company incorporated or organized in this state shall have not less than 3 incorporators or 3 organizers of whom at least one shall be a resident of this state. A corporation must have one member of the board of directors be a resident of this state. A reciprocal insurer must have one member of the subscriber's advisory committee be a resident of this state. A limited liability company must have at least one manager be a resident of this state.</p>
Minimum capital/surplus; letters of credit	<p>§ 17:47B-3</p> <p>A captive insurance company shall not be issued a license unless it maintains unimpaired paid-in capital and surplus of not less than: in the case of a pure captive insurance company, \$250,000; in the case of an association captive insurance company, \$750,000; in the case of an industrial insured captive insurance company, \$500,000; and in the case of a sponsored captive insurance company, \$500,000. Capital and surplus may be in the form of cash or an irrevocable letter of credit issued by a bank chartered by the State of New Jersey or a member bank of the Federal Reserve System located in this state and approved by the commissioner.</p>
Taxation	<p>§ 17:47B-12</p> <p>Each captive insurance company shall pay, on or before March 1 of each year, a tax at the rate of: .38 of one percent on the first \$20 million, .285 of one percent on the next \$20 million, .19 of one percent on the next \$20 million, and .072 of one percent on each dollar thereafter of the direct premiums collected or contracted for on policies or contracts of insurance written by the captive insurance company during the year ending December 31 next preceding, after deducting from the direct premiums subject to the tax the amounts paid to policyholders as return premiums, which shall include dividends on unabsorbed premiums or premium deposits returned or credited to policyholders; except that no tax shall be due or payable as to considerations received for annuity contracts.</p> <p>Each captive insurance company shall pay, on or before March 1 of each year, a tax at the rate of .214 of one percent on the first \$20 million of assumed reinsurance premium, .143 of one percent on the next \$20 million, .048 of one percent on the next \$20 million, and .024 of one percent of each dollar thereafter. The annual minimum aggregate tax shall be \$7,500, and the annual maximum aggregate tax shall be \$200,000.</p> <p>Two or more captive insurance companies under common ownership and control shall be taxed as though they were a single captive insurance company.</p>
Reports and statements	<p>§ 17:47B-6</p> <p>Prior to March 1 of each year, a captive insurance company shall submit to the commissioner a report of its financial condition, verified by oath of 2 of its executive officers.</p>

NEW JERSEY (cont.)

CAPTIVE INSURANCE COMPANY LAWS

	NEW JERSEY (cont.)
Legal Investments	<p>§ 17:47B-9; N.J.A.C. 11:28-1.23</p> <p>A captive insurance company shall comply with investment requirements that apply to other insurers. No pure captive insurance company or industrial insured captive insurance company shall be subject to any restrictions on allowable investments, but the commissioner may prohibit or limit any investment that threatens the solvency or liquidity of the company. A pure captive insurance company shall not make a loan to, or an investment in, its parent company or affiliates without prior written approval of the commissioner, and a loan or investment shall be evidenced by documentation approved by the commissioner. A pure captive insurance company shall not make a loan using the minimum capital and surplus funds.</p>
Miscellaneous	<p>§ 17:47B-11</p> <p>A captive insurer shall not be required to join a rating organization. A captive insurance company shall not be permitted to join or contribute financially to a plan, pool, association, or guaranty or insolvency fund in this state, nor shall a captive insurance company, or an insured or affiliate thereof, or a claimant thereof, receive a benefit from a plan, pool, association, or guaranty or insolvency fund, for claims arising out of the operations of a captive insurance company.</p> <p>§ 17:47B-11</p> <p>Provisions for sponsored captive insurers.</p>

CAPTIVE INSURANCE COMPANY LAWS

	NEW MEXICO (12/24)
Citation	No provision
Formation	
Minimum capital/surplus; letters of credit	
Taxation	
Reports and statements	
Legal Investments	
Miscellaneous	

CAPTIVE INSURANCE COMPANY LAWS

	NEW YORK (12/24)
Citation	N.Y. Ins. Law §§ 7001 to 7012
Formation	<p>Ins. Law § 7005</p> <p>A pure captive insurer may be incorporated as a stock insurer with capital divided and held by stockholders, as a mutual insurer without capital stock, or as a public benefit association. A group captive insurer may be incorporated as a stock insurer with its capital divided and held by the stockholders or as a mutual insurer without capital stock. The board of directors shall have at least 3 members, with at least 2 being residents of this state.</p>
Minimum capital/surplus; letters of credit	<p>Ins. Law § 7004</p> <p>No pure captive insurance company or group captive insurance company shall be issued a license unless it shall possess and thereafter maintain unimpaired paid-in capital and surplus of not less than: in the case of a pure captive insurance company incorporated as a stock insurer, \$250,000, of which \$100,000 shall represent paid-in capital; in the case of a pure captive insurance company incorporated as a mutual insurer, \$250,000; in the case of a group captive insurance company incorporated as a stock insurer, \$500,000, of which \$200,000 shall represent paid-in capital; and in the case of a group captive insurance company incorporated as a mutual insurer, \$500,000. Capital and surplus may be in the form of cash or an irrevocable letter of credit.</p>
Taxation	<p>Ins. Law § 7012</p> <p>Captive insurance companies shall be liable for the payment of franchise taxes required by the tax law of this state.</p>
Reports and statements	<p>Ins. Law § 7006</p> <p>Every captive shall file with the superintendent: annually on or before March 1, a statement of its financial condition and any amendment to the plan of operation at last year-end, verified by the oath of at least 2 of its executive officers; and annually on or before July 1, a report of its financial condition at last year-end with the opinion of an independent certified public accountant.</p>
Legal Investments	<p>Ins. Law § 7009</p> <p>No captive insurer shall be subject to any restrictions on allowable investments. A group captive insurance company shall not make loans to the industrial insureds that comprise its industrial insured group. A pure captive insurance company may make loans to its parent company with the prior approval of the superintendent. The superintendent may prohibit or limit investments that threaten the solvency or liquidity of any captive insurance company.</p>
Miscellaneous	<p>Ins. Law § 7011</p> <p>No captive insurance company shall be permitted to join or contribute financially to any plan, pool, association, or guaranty or insolvency fund in this state, nor shall any captive insurance company, or its insured, or its parent or any affiliated company, or any member organization of its association, receive any benefit from any such plan, pool, association, or guaranty or insolvency fund for claims arising out of the operations of such captive insurance company.</p>

CAPTIVE INSURANCE COMPANY LAWS

	NORTH CAROLINA (12/24)
Citation	N.C. Gen. Stat. §§ 58-10-335 to 58-10-655; 105-228.4A
Formation	<p>§ 58-10-380</p> <p>A pure captive may be incorporated as a stock insurer with its capital divided into shares and held by the stockholders, as a nonprofit corporation with one or more members, or as a manager-managed limited liability company. An association captive, an industrial insured captive, or a risk retention group may be any of the following: incorporated as a stock insurer with its capital divided into shares and held by the stockholders; incorporated as a mutual corporation; organized as a reciprocal insurer; or organized as a manager-managed limited liability company. At least one member of the governing board shall be a resident of this state.</p>
Minimum capital/surplus; letters of credit	<p>§ 58-10-370</p> <p>No applicant business entity shall be issued a license unless it possesses and maintains unimpaired paid-in capital and surplus of not less than: for a pure captive, \$250,000 or such other amount determined by the commissioner; for an association captive or an industrial insured captive, \$500,000; for a risk retention group, \$1 million; and for a protected cell captive or a special purpose captive, \$250,000 or such other amount determined by the commissioner. Capital and surplus shall be in the form of cash, securities approved by the commissioner, a clean irrevocable letter of credit issued by a bank approved by the commissioner, or other form approved by the commissioner.</p>
Taxation	<p>§§ 58-10-455; 105-228.4A</p> <p>A tax is levied on a captive insurance company doing business in this state. In the case of a branch captive insurance company, the tax levied applies only to the branch business of the company. Two or more captive insurance companies under common ownership and control are taxed under this section as a single captive insurance company. The tax to be applied to assumed reinsurance premiums is computed at the rate of 0.225% on the first \$20 million collected, 0.150% on the next \$20 million, 0.050% on the next \$20 million, and 0.025% on each dollar thereafter. The tax to be applied to direct premiums is computed at the rate of 0.4% on the first \$20 million collected, and 0.3% on each dollar thereafter. The aggregate amount of tax payable for any captive, other than a protected cell captive, may not be less than \$5,000 and may not exceed \$100,000.</p>
Reports and statements	<p>§ 58-10-405</p> <p>Prior to March 15 of each year each captive insurance company shall submit to the commissioner a report of its financial condition on the preceding December 31, verified by oath of 2 of its executive officers.</p>

NORTH CAROLINA (cont.)

CAPTIVE INSURANCE COMPANY LAWS

	NORTH CAROLINA (cont.)
Legal Investments	<p>§ 58-10-440 Except as may be otherwise authorized by the commissioner, association captives and risk retention groups shall comply with the investment requirements generally applicable to other insurers. No pure captive, industrial insured captive, protected cell captive, special purpose captive, or special purpose financial captive shall be subject to any restrictions on allowable investments, provided that the commissioner may prohibit or limit any investment that threatens the solvency or liquidity of any such company. No pure captive or protected cell shall make a loan to or an investment in its parent company, an affiliated company, a controlled unaffiliated business, or a participant without prior written approval of the commissioner, and any such loan or investment shall be evidenced by documentation approved by the commissioner. Loans of minimum capital and surplus funds are prohibited.</p>
Miscellaneous	<p>§ 58-10-450 No captive insurance company shall be required to join a rating organization. No captive insurance company shall be permitted to join or contribute financially to any plan, pool, association, or guaranty or insolvency fund in this state, nor shall any such captive insurance company, or any insured or affiliate thereof, receive any benefit from any such plan, pool, association, or guaranty or insolvency fund for claims arising out of the operations of such captive insurance company.</p> <p>§§ 58-10-500 to 58-10-525 Provisions for protected cell captives.</p> <p>§§ 58-10-530 to 58-10-550 Provisions for branch captives.</p> <p>§§ 58-10-555 to 58-10-635 Provisions for special purpose financial captives.</p>

CAPTIVE INSURANCE COMPANY LAWS

	NORTH DAKOTA (12/24)
Citation	No provision
Formation	
Minimum capital/surplus; letters of credit	
Taxation	
Reports and statements	
Legal Investments	
Miscellaneous	

CAPTIVE INSURANCE COMPANY LAWS

	OHIO (12/24)
Citation	Ohio Rev. Code §§ 3964.01 to 3964.21
Formation	§ 3964.03; § 1701.01, <i>et seq.</i> ; § 1702.01, <i>et seq.</i> ; § 1705.01, <i>et seq.</i> ; § 1706.08, <i>et seq.</i> A captive insurance company shall be organized under the laws relating to general corporations, nonprofit corporations, limited liability companies, or partnerships.
Minimum capital/surplus; letters of credit	§ 3964.05 No captive shall be issued a license unless it possesses and maintains minimum unimpaired, paid-in total capital and surplus of not less than: \$250,000; or in the case of a protected cell captive insurance company, \$500,000. Capital and surplus may be in the form of cash, marketable securities, as approved by the superintendent or for a captive other than a special purpose financial captive, irrevocable, unconditional, and automatically renewable letters of credit that are issued or confirmed by a qualified United States financial institution.
Taxation	No provision
Reports and statements	§ 3964.07 The CFO and at least one additional executive officer of a captive or a majority of the directors of a captive annually, on January 1, or within 60 days thereafter prepare under oath and deposit in the office of the superintendent, a statement showing the financial condition of the captive on the December 31 next preceding. An actuarial opinion from a qualified actuary regarding the adequacy of the company's required reserves to make full provision for the company's liabilities, insured or reinsured, shall be included in this statement. The qualified actuary shall submit a memorandum to the superintendent detailing the support for that opinion.
Legal Investments	§ 3964.10 The board of directors of a captive shall determine appropriate investments for the company. With respect to all of the insurance company's investments, the board of directors shall exercise the judgment and care, under the circumstances then prevailing, that a person of reasonable prudence, discretion, and intelligence might exercise in the management of a like enterprise, that person not having an intent to speculate, but having regard for the permanent disposition of the person's funds, considering the probable income as well as the probable safety of the person's capital. No captive may make a loan to, or an investment in, its parent company or affiliates without prior written approval of the superintendent. Any such loan or investment shall be evidenced by documentation approved by the superintendent. Loans that violate the minimum capital and surplus funds requirements are prohibited.

OHIO (cont.)

CAPTIVE INSURANCE COMPANY LAWS

	OHIO (cont.)
Miscellaneous	<p>§ 3964.11 No captive insurance company shall be required to join a rating organization.</p> <p>§ 3964.12 No captive insurance company shall be permitted to join or contribute financially to any plan, pool, association, or guaranty or insolvency fund in this state, nor shall any captive insurance company, or any insured or affiliate thereof, receive any benefit from any such plan, pool, association, or guaranty or insolvency fund for claims arising out of the operations of the captive insurance company.</p> <p>§§ 3964.17 to 3964.18 Provisions for protected cell captives.</p> <p>§§ 3964.19 to 3964.194 Provisions for special purpose financial captives.</p>

CAPTIVE INSURANCE COMPANY LAWS

	OKLAHOMA (12/24)
Citation	Okl. Stat. tit. 36 §§ 6470.1 to 6470.35; Reg. 365:25-15-1 to 365:25-15-24
Formation	36 §§ 6470.10; 6470.10a A captive insurance company may be incorporated as a stock corporation or as a nonstock corporation, or may be formed as a limited liability company, partnership, limited partnership, statutory trust, or any lawful form approved by the commissioner. An association captive insurance company, industrial insured captive insurance company or special purpose captive insurance company may be organized as a reciprocal insurer.
Minimum capital/surplus; letters of credit	36 § 6470.6 A captive must possess and maintain unimpaired aggregate paid-in capital and surplus of not less than: for a pure captive, \$250,000, \$150,000 of which must be paid-in prior to the issuance of a license, and an additional \$100,000 of which must be paid-in on or before the first anniversary of the issuance of the initial license; for an association captive, \$750,000; for an industrial insured captive, \$500,000; for a sponsored captive, \$500,000; for any captive doing business as a risk retention group, \$1 million; and for a special purpose or branch captive, \$250,000 or an amount determined by the commissioner after giving due consideration to the business plan of the company, feasibility study, and pro formas, including the nature of the risks to be insured. In the case of a series captive insurance company, the minimum capital and surplus shall be in an amount specified by the insurance commissioner.
Taxation	36 § 6470.19 Each captive, other than a sponsored captive insurance company, and each protected cell of a sponsored captive insurance company, shall pay by March 1, a tax at a rate of two-tenths of one percent (0.2%) on the direct premiums collected or contracted for on policies or contracts of insurance written by the captive insurance company during the year ending December 31 next preceding, and a tax at the rate of one-tenth of one percent (0.1%) of assumed reinsurance premium. The minimum aggregate tax is \$5,000, prorated on a quarterly basis, and a maximum aggregate tax of \$100,000. A sponsored captive insurance company shall pay by March 1, a tax on direct and assumed premiums equal, in the aggregate, to the minimum tax. Two or more captive insurance companies or a protected cell of a sponsored captive insurance company under common ownership and control must be taxed as though they were a single captive insurance company. Each series captive insurance company shall pay an annual minimum aggregate tax of \$3,500.
Reports and statements	36 § 6470.11; Reg. 365:25-15-2 Before March 1 each year, submit a report of its financial condition, on a form approved by the commissioner, verified by oath of 2 of its executive officers.
Legal Investments	36 § 6470.15 An association captive insurance company, a sponsored captive insurance company, and a risk retention group shall comply with the investment requirements contained in the insurance code. A pure captive, a special purpose captive, a branch captive, a series captive, and an industrial insured captive are not subject to any restrictions on allowable investments, except that the commissioner may prohibit or limit an investment that threatens the solvency or liquidity of the company.

OKLAHOMA (cont.)

CAPTIVE INSURANCE COMPANY LAWS

	OKLAHOMA (cont.)
Miscellaneous	<p>36 § 6470.17 A captive insurer may not be required to join a rating organization.</p> <p>36 § 6470.18 A captive insurance company may not join or contribute financially to a plan, pool, association, or guaranty or insolvency fund in this state, and a captive insurance company, or its insured or its parent or any affiliated company or any member organization of its association, or in the case of a captive insurance company organized as a reciprocal insurer, a subscriber of the company, or in the case of a sponsored captive insurance company, a protected cell or participant in a protected cell may not receive a benefit from a plan, pool, association, or guaranty or insolvency fund for claims arising out of the operations of such captive insurance company.</p> <p>36 §§ 6470.29 to 6470.31.1 Provisions for protected cell sponsored captive.</p>

CAPTIVE INSURANCE COMPANY LAWS

	OREGON (12/24)
Citation	Or. Rev. Stat. §§ 735.150 to 735.190; 317.667
Formation	<p>§ 735.164</p> <p>A pure captive insurer must be incorporated as a stock insurer with the capital divided into shares and held by the shareholders. An association captive insurer may be incorporated as a stock insurer with the capital divided into shares and held by the shareholders or as a mutual insurer without capital stock. At least one-quarter of the members of the board of directors of a captive insurer formed as a corporation shall be residents of this state.</p>
Minimum capital/surplus; letters of credit	<p>§ 735.162</p> <p>A captive insurer shall possess and thereafter maintain capital or surplus, or any combination thereof, of not less than: for a pure captive insurer, \$250,000; for an association captive insurer incorporated as a stock insurer or as a mutual insurer, \$750,000; and for a captive reinsurer, \$300 million. The capital and surplus may be in the form of cash or cash equivalent, or an irrevocable letter of credit issued by an insured institution and approved by the director.</p>
Taxation	<p>§ 317.667</p> <p>A captive insurer shall be afforded the same tax treatment on receipt of premiums and tax on investment earnings for state income tax purposes as exists for federal income tax purposes except that the income tax rates on taxable income of the captive insurer shall be those identified under state law rather than federal law.</p>
Reports and statements	<p>§ 735.172</p> <p>Before March 1, a captive insurer shall submit to the director a report of the financial condition of the captive insurer, verified by oath of 2 of the executive officers of the captive insurer.</p>
Legal Investments	<p>§ 735.166</p> <p>An association captive insurer must comply with the investment requirements generally applicable to other insurers. A pure captive insurer is not subject to any restrictions on allowable investments. The director may prohibit or limit an investment that threatens the solvency or liquidity of a pure captive insurer. A captive insurer may not make loans to the parent of the captive insurer or affiliate of the captive insurer.</p>
Miscellaneous	<p>§ 735.170</p> <p>A captive insurer is not required to join a rating organization.</p> <p>§§ 735.186 to 735.190</p> <p>Provisions for captive reinsurers.</p>

CAPTIVE INSURANCE COMPANY LAWS

	PENNSYLVANIA (12/24)
Citation	No provision
Formation	
Minimum capital/surplus; letters of credit	
Taxation	
Reports and statements	
Legal Investments	
Miscellaneous	

	PUERTO RICO (12/24)
Citation	No provision
Formation	
Minimum capital/surplus; letters of credit	
Taxation	
Reports and statements	
Legal Investments	
Miscellaneous	

CAPTIVE INSURANCE COMPANY LAWS

	RHODE ISLAND (12/24)
Citation	R.I. Gen. Laws §§ 27-43-1 to 27-43-13
Formation	<p>§ 27-43-2</p> <p>A subsidiary captive insurer shall be incorporated as a stock insurer with its capital divided and held by the stockholders. An association captive insurer or an industrial insured captive insurer may be incorporated as a stock insurer with its capital divided and held by the stockholders or incorporated as a mutual insurer without capital stock or organized as a reciprocal insurer. A captive insurer formed as a corporation shall have not less than 3 incorporators of whom not less than 2 shall be residents of this state. At least one of the members of the board of directors or the subscribers' advisory committee shall be a resident of this state.</p>
Minimum capital/surplus; letters of credit	<p>§§ 27-43-4 to 27-43-5</p> <p>Each captive shall possess and maintain unimpaired paid-in capital of not less than: for a subsidiary captive, \$100,000; for an association captive incorporated as a stock insurer, \$400,000; and for an industrial insured captive incorporated as a stock insurer, \$200,000. Each captive shall possess and thereafter maintain free surplus of not less than: if a subsidiary captive insurance company, \$150,000; for an association captive insurance company incorporated as a stock insurer, \$350,000; for an industrial captive incorporated as a stock insurance company, \$300,000; for an association captive incorporated as a mutual insurer, \$750,000; and for an industrial insured captive incorporated as a mutual insurer, \$500,000. The surplus and capital may be in the form of cash or an irrevocable letter of credit that is issued by a bank chartered by the State of Rhode Island or a member bank of the Federal Reserve System and approved by the commissioner.</p>
Taxation	<p>§ 27-43-9</p> <p>Each captive insurer shall pay on or before the first day of March of each year a tax at the rate of 0.2% on the first \$20 million, 0.15% on the next \$20 million, 0.1% on the next \$20 million, and 0.0375% on each dollar thereafter on the direct premiums collected during the previous year ending December 31. Each captive insurer shall also pay a tax at the rate of 0.1125% on the first \$20 million, 0.075% on the next \$20 million, 0.025% on the next \$20 million, and 0.0125% on each dollar thereafter of assumed reinsurance premiums. The minimum total tax is \$2,500. Two or more captive companies under common ownership and control are taxed as though they were one single captive insurance company.</p>
Reports and statements	<p>§§ 27-43-6; 27-12-1</p> <p>Each captive shall annually on January 1, or within 2 months after that date, file with the commissioner a statement of condition signed and sworn to by its president and secretary, in the proper form required by the NAIC.</p>
Legal Investments	No provision

RHODE ISLAND (cont.)

CAPTIVE INSURANCE COMPANY LAWS

	RHODE ISLAND (cont.)
Miscellaneous	<p>§ 27-43-13 A fund is created for the purpose of providing financial means to the commissioner to administer captive insurance law and for reasonable expenses incurred in promoting the captive insurance industry in Rhode Island. An appropriation of 10% of the premiums taxed under § 27-43-9 and all fees and assessments received by the department shall be credited to this fund. Of this amount, not more than 2% may be transferred to the Rhode Island economic development corporation for promotional expenses. At the end of the fiscal year, the remaining balance over \$100,000 shall be transferred to the general fund.</p> <p>§ 27-43-8 No captive insurance company shall be required to join or to contribute financially to any plan, pool, association, or guaranty or insolvency fund in this state including, but not limited to, the fund established by Chapter 34 of this title, nor shall any captive insurance company, or its insured, or its parent or any affiliated company, or any member organization of its association, receive any benefit from the plan, pool, association, or guaranty or insolvency funds for claims arising out of the operations of the captive insurance company.</p>

CAPTIVE INSURANCE COMPANY LAWS

	SOUTH CAROLINA (12/24)
Citation	S.C. Code Ann. §§ 38-90-10 to 38-90-250; 38-90-410 to 38-90-630; Reg. 69-60
Formation	<p>§ 38-90-60</p> <p>A captive insurer may be incorporated as a stock insurer, incorporated as a nonprofit corporation, organized as a limited liability company, incorporated as a mutual insurer without capital stock, or organized as a reciprocal insurer. At least one member of the board of directors or the subscribers' advisory committee, or at least one of the managers must be a resident of this state.</p>
Minimum capital/surplus; letters of credit	<p>§ 38-90-40</p> <p>Each captive shall possess and maintain unimpaired paid-in capital or surplus of not less than: for a pure captive, \$250,000; for an association captive insurer incorporated as a stock insurer or limited liability company, \$750,000; for an industrial insured captive incorporated as a stock insurer or limited liability company, or in the case of a captive insurance company formed as a risk retention group, \$500,000; and for a sponsored captive, \$250,000. The free and unimpaired paid-in capital, surplus, or combination must be in the form of cash, securities approved by the director, a clean irrevocable letter of credit issued by a bank approved by the director, or other form approved by the director.</p>
Taxation	<p>§ 38-90-140</p> <p>Each captive shall pay by March 1 of each year a tax at a rate of four-tenths of one percent on the first \$20 million, and three-tenths of one percent on each dollar thereafter collected on direct premiums during the year ending December 31, up to a maximum of \$100,000. Each captive shall also pay a tax at a rate of two hundred and twenty-five thousandths of one percent on the first \$20 million, one hundred fifty thousandths of one percent on the next \$20 million, one hundred fifty thousandths of one percent on the next \$20 million, and twenty-five thousandths of one percent on any additional dollar of revenue from assumed reinsurance premiums, up to a maximum of \$100,000. The total minimum aggregate tax is \$5,000; but is prorated for the year it is first licensed. Two or more captives under common ownership and control must be taxed as separate captive insurers.</p>
Reports and statements	<p>§ 38-90-70; Reg. 69-60</p> <p>Before March 1 of each year, each captive insurance company shall submit to the director a report of its financial condition, verified by oath of 2 of its executive officers. Each captive insurer shall have an annual audit by an independent certified public accountant and the report shall be filed with the director before June 30 for the preceding year.</p>

SOUTH CAROLINA (cont.)

CAPTIVE INSURANCE COMPANY LAWS

	SOUTH CAROLINA (cont.)
Legal Investments	<p>§ 38-90-100 An association captive, an industrial insured captive insuring the risks of an industrial insured group, and a captive formed as a risk retention group shall comply with the investment requirements generally applicable to other insurers. A pure captive, a captive reinsurer, a special purpose captive, other than a special purpose captive formed as a risk retention group, and a sponsored captive are not subject to any restriction on allowable investments, except that the commissioner can prohibit an investment that threatens the solvency of the company.</p>
Miscellaneous	<p>§ 38-90-35 Provisions for confidentiality of information submitted.</p> <p>§ 38-90-120 A captive insurer may not be required to join a rating organization.</p> <p>§ 38-90-130 A captive insurance company, including a captive insurance company organized as a reciprocal insurer, may not join or contribute financially to a plan, pool, association, or guaranty or insolvency fund in this state, and a captive insurance company, or its insured or its parent or any affiliated company or any member organization of its association, or in the case of a captive insurance company organized as a reciprocal insurer, a subscriber of the company, may not receive a benefit from a plan, pool, association, or guaranty or insolvency fund for claims arising out of the operations of such captive insurance company. Subject to the prior written approval of the director or his designee, participation in a pool for the purpose of commercial risk sharing is not prohibited under this section.</p> <p>§§ 38-90-210 to 38-90-230 Provisions for protected cell sponsored captives.</p> <p>§§ 38-90-410 to 38-90-630 Provisions for special purpose financial captives.</p>

CAPTIVE INSURANCE COMPANY LAWS

	SOUTH DAKOTA (12/24)
Citation	S.D. Codified Laws §§ 58-46-1 to 58-46-32
Formation	<p>§§ 58-46-10 to 58-46-12</p> <p>A pure or agency captive insurance company may be incorporated as a stock corporation, a nonstock corporation, a nonprofit corporation, or may be formed as a limited liability company, business trust, or other form of legal entity approved by the director. A group captive insurance company may be incorporated as a stock corporation or a nonstock corporation, or may be formed as a limited liability company, a business trust, or may be organized as a reciprocal insurer, or other form of legal entity approved by the director. A special purpose captive insurance company may be incorporated as a stock corporation or as a nonstock corporation, may be formed as a limited liability company, business trust or trust, or may be such other form of legal entity as approved by the director. A trust captive insurance company may be incorporated as a stock corporation or as a nonstock corporation, or may be formed as a limited liability company, or business trust, or other form of legal entity as approved by the director. A sponsored captive insurance company may be incorporated as a stock corporation or as a nonstock corporation, or may be formed as a limited liability company, or business trust, or other form of legal entity as approved by the director. A captive insurer shall have at least 3 organizers, of whom at least one shall be a resident of this state. At least one member of the governing board shall be a resident of this state.</p>
Minimum capital/surplus; letters of credit	<p>§ 58-46-8</p> <p>A pure captive insurer, other than a trust captive insurer, must possess and maintain unimpaired paid-in capital and surplus of \$250,000. A sponsored captive may include the capital and surplus of its protected cells in calculating its capital and surplus. A trust captive insurer must possess and maintain unimpaired paid-in capital and surplus of at least \$100,000. The initial capital and surplus may be in the form of cash or an irrevocable letter of credit issued by a bank chartered by South Dakota or a member bank of the Federal Reserve System and approved by the director.</p>
Taxation	<p>§ 58-46-24</p> <p>Each captive insurer shall pay an annual supervision fee of the greater of \$5,000 or eight one-hundredths of one percent on gross premiums collected during the preceding year ending on December 31. A sponsored captive company shall pay for each protected cell an additional annual supervision fee of the greater of \$500 or eight hundredths of one percent on gross premiums. The annual supervision fee is due on or before March 1 of each year. The minimum aggregate annual supervision fee is \$5,000 and the maximum annual aggregate supervision fee is \$50,000.</p>
Reports and statements	<p>§ 58-46-15</p> <p>No later than six months after the close of its financial year: each group or sponsored captive insurance company shall submit a report of its financial condition pursuant, audited by an independent certified public accountant, and an actuarial opinion; a pure or trust captive insurance company shall submit a report of its financial condition using statutory accounting principles certified under oath by 2 of its officers; and a special purpose captive insurance company shall submit a report of its financial condition, audited by an independent certified public accountant.</p>

SOUTH DAKOTA (cont.)

CAPTIVE INSURANCE COMPANY LAWS

	SOUTH DAKOTA (cont.)
Legal Investments	<p>§§ 58-46-19; 58-46-20 No pure, agency, or trust captive insurer is subject to any restrictions on allowable investments, except that the director may prohibit or limit any investment that threatens the solvency or liquidity of the company. Group, sponsored and special purpose captive insurers shall comply with the investment requirements and limitations generally applicable to other insurers. A pure, agency, or trust captive insurance company may make a loan to its parent or affiliated entities, and a group, sponsored, or special purpose captive insurance company may make a loan to an affiliated entity, subject to prior written approval of the director.</p>
Miscellaneous	<p>§ 58-46-22 No captive insurer may be required to join a rating organization.</p> <p>§ 58-46-23 No captive insurance company may join or contribute financially to any plan, pool, association, or guaranty or insolvency fund in this state. No captive insurance company or its parent or affiliated entities may receive any benefit from any such plan, pool, association, or guaranty or insolvency fund for claims arising out of the operations of the captive insurance company.</p> <p>§§ 58-46-27 to 58-46-32 Provisions for protected cell sponsored captive.</p>

CAPTIVE INSURANCE COMPANY LAWS

	TENNESSEE (12/24)
Citation	Tenn. Code Ann. §§ 56-13-101 to 56-13-418
Formation	<p>§ 56-13-107</p> <p>A pure captive insurer may be incorporated as a stock insurer with its capital divided into shares and held by the stockholders, as a nonprofit corporation, or as a manager-managed limited liability company. An association captive insurer, an industrial insured captive insurer, or a risk retention group may be incorporated as a stock insurer with its capital divided into shares and held by the stockholders or a mutual corporation, or organized as a reciprocal insurer or manager-managed limited liability company. A captive insurer must have not less than 1 incorporator or 1 organizer. A corporation must have one member of the board of directors be a resident of this state. A reciprocal insurer must have one member of the subscriber's advisory committee be a resident of this state. A limited liability company must have at least one manager be a resident of this state.</p>
Minimum capital/surplus; letters of credit	<p>§ 56-13-105</p> <p>Each captive insurer shall possess and maintain unimpaired paid-in capital and surplus of not less than: for a pure captive insurer, \$250,000; for an association captive insurer or an industrial insured captive insurer, \$500,000; for a protected cell captive insurer, \$100,000; for a risk retention group, \$1 million; and for an agency captive insurance company, \$250,000. Capital and surplus shall be in the form of cash or an irrevocable letter of credit issued by a bank approved by the commissioner.</p>
Taxation	<p>§ 56-13-114</p> <p>Each captive insurance company shall pay to the department, on or prior to March 1 of each year, a tax at the rate of 0.4% on the first \$20 million and 0.3% on each dollar thereafter on the direct premiums collected or contracted for on policies or contracts of insurance written by the captive insurance company during the year ending December 31 next preceding. Each captive insurance company shall pay to the department, on or prior to March 1 of each year, a tax at the rate of 0.225% on the first \$20 million of assumed reinsurance premium, 0.150% on the next \$20 million, 0.050% on the next \$20 million, and 0.025% on each dollar thereafter. Except for protected cell captive insurers with more than 10 cells, the annual minimum aggregate tax shall be \$5,000 and the maximum aggregate tax shall be \$100,000. Two or more captive insurance companies under common ownership and control shall be taxed as though they were a single captive insurance company.</p>
Reports and statements	<p>§ 56-13-108</p> <p>Prior to March 1 of each year, and prior to March 15 of each year in the case of pure captive insurance companies or industrial insured captive insurance companies, each captive insurance company shall submit to the commissioner a report of its financial condition, verified by oath of 2 of its executive officers. Each captive insurance company shall report using generally accepted accounting principles, unless the commissioner requires, approves, or accepts the use of statutory accounting principles or other comprehensive basis of accounting. The annual report is due 75 days after the fiscal year-end.</p>

TENNESSEE (cont.)

CAPTIVE INSURANCE COMPANY LAWS

	TENNESSEE (cont.)
Legal Investments	<p>§ 56-13-111 Association captive insurance companies and risk retention groups shall comply with the investment requirements generally applicable to other insurers. No pure captive insurance company, industrial insured captive insurance company, protected cell captive insurance company, incorporated cell captive insurance company or special purpose financial captive insurance company shall be subject to any restrictions on allowable investments; provided, that the commissioner may prohibit or limit any investment that threatens the solvency or liquidity of any such company. Companies must file with the commissioner a statement of investment policy approved by its governing body that describes the types of investments that the company may elect to undertake and may not make investments that materially deviate from the statement of investment policy that is on file with the commissioner. No pure captive insurance company shall make a loan to or an investment in its parent company or affiliates without prior written approval of the commissioner, and any such loan or investment shall be evidenced by documentation approved by the commissioner.</p>
Miscellaneous	<p>§ 56-13-113 No captive insurance company shall be required to join a rating organization. No captive insurance company shall be permitted to join or contribute financially to any plan, pool, association, or guaranty or insolvency fund in this state, nor shall any such captive insurance company, or any insured or affiliate thereof, receive any benefit from any such plan, pool, association, or guaranty or insolvency fund for claims arising out of the operations of such captive insurance company.</p> <p>§§ 56-13-201 to 56-13-209 Provisions for protected cell captives.</p> <p>§§ 56-13-301 to 56-13-307 Provisions for alien branch captives.</p> <p>§§ 56-13-401 to 56-13-418 Provisions for special purpose financial captives.</p>

CAPTIVE INSURANCE COMPANY LAWS

	TEXAS (12/24)
Citation	Tex. Ins. Code §§ 964.001 to 964.073; §§ 223A.001 to 223A.008
Formation	<p>§ 964.053</p> <p>A captive may be formed and operated in any form of business organization authorized under the Business Organizations Code except a risk retention group or general partnership. A captive may only be formed as a nonprofit corporation if it is controlled by a nonprofit corporation. The board of directors or governing body of a captive formed in this state must have at least 3 members, and at least one of the members must be a resident of this state.</p>
Minimum capital/surplus; letters of credit	<p>§ 964.056</p> <p>The department may not issue a certificate of authority to a captive unless the company possesses and maintains unencumbered capital and surplus in an amount determined by the commissioner, which will be not less than \$250,000. The capital and surplus must be in the form of United States currency; an irrevocable letter of credit, in a form approved by the commissioner and not secured by a guarantee from an affiliate, naming the commissioner as beneficiary for the security of the captive insurance company's policyholders and issued by a bank approved by the commissioner; bonds of this state; or bonds or other evidences of indebtedness of the United States, the principal and interest of which are guaranteed by the United States.</p>
Taxation	<p>§§ 223A.003; 964.068</p> <p>An annual tax is imposed on each captive that receives gross premiums subject to taxation, at the rate of 0.5% of the company's taxable premium receipts for a calendar year. The annual minimum aggregate tax to be paid by a captive is \$7,500, and the annual maximum aggregate tax to be paid is \$200,000. In addition, a captive is subject to maintenance tax on the correctly reported gross premiums from writing insurance on risks located in this state as applicable to the individual lines of business written by the captive insurance company.</p>
Reports and statements	<p>§ 964.060</p> <p>A captive shall file with the commissioner on or before March 1 of each year, a statement of the company's financial condition, verified by 2 of its executive officers and filed in a format prescribed by the commissioner, and on or before June 1 of each year, a report of its financial condition at last year-end with an independent certified public accountant's opinion of the company's financial condition.</p>
Legal Investments	<p>§ 964.061</p> <p>A captive is not subject to a restriction on allowable investments, except as follows: a captive may make loans to its affiliates with the prior approval of the commissioner, evidenced by a note approved by the commissioner; a captive may not make a loan of the minimum capital and surplus funds; and the commissioner may prohibit or limit an investment that threatens the solvency or liquidity of a captive.</p>
Miscellaneous	<p>§ 964.064</p> <p>A captive insurance company may not join or contribute financially to any plan, pool, association, or guaranty or insolvency fund in this state, and a captive insurance company, its insured, or any affiliate is not entitled to receive any benefit from a plan, pool, association, or guaranty or insolvency fund for claims arising out of the operations of the company.</p>

CAPTIVE INSURANCE COMPANY LAWS

	UTAH (12/24)
Citation	Utah Code §§ 31A-37-101 to 31A-37-505; 31A-37a-101 to 31A-37a-502; 31A-3-301; U.A.C. R590-238-1 to R590-238-22
Formation	<p>§ 31A-37-301</p> <p>A captive insurance company, other than a branch captive, may be formed as a corporation or a limited liability company. A captive insurance company formed in this state shall have at least one establisher who is an individual and a resident of the state. Unless otherwise provided, the governing body of a captive insurance company shall consist of at least 3 individuals as members, at least one of whom is a resident of the state.</p>
Minimum capital/surplus; letters of credit	<p>§ 31A-37-204</p> <p>The commissioner may not issue a certificate of authority to a captive insurer unless the company possesses and maintains unimpaired paid-in capital of not less than: in the case of a pure captive insurance company, \$250,000; in the case of an association captive insurance company incorporated as a stock insurer, \$750,000; in the case of an industrial insured captive insurance company incorporated as a stock insurer, \$700,000; in the case of a sponsored captive insurance company, not less than \$250,000, of which a minimum of \$50,000 is provided by the sponsor; or in the case of a special purpose captive insurance company, an amount determined by the commissioner.</p>
Taxation	<p>§ 31A-37-201</p> <p>Captive insurance companies are subject to an annual fee to be determined by the Commissioner.</p>
Reports and statements	<p>§ 31A-37-501</p> <p>Before March 1 of each year, a captive insurer shall submit to the commissioner a report of its financial condition, verified by oath of 2 of the executive officers.</p>

UTAH (cont.)

CAPTIVE INSURANCE COMPANY LAWS

	UTAH (cont.)
Legal Investments	<p>§ 31A-37-302 An association captive, a sponsored captive, and an industrial insured group shall comply with the investment requirements generally applicable to other insurers. A pure captive or industrial insured captive is not subject to any restrictions on allowable investment, except that the commissioner may prohibit or limit an investment that threatens solvency or liquidity. A pure captive insurance company may make loans to its parent company or an affiliate, only on the prior written approval of the commissioner as evidenced by a note in a form approved by the commissioner. A pure captive insurance company may not make a loan from the paid-in capital or the free surplus required.</p>
Miscellaneous	<p>§ 31A-37-304 A captive insurer is not required to join a rating organization.</p> <p>§ 31A-37-305 A captive insurance company, including a captive insurance company organized as a reciprocal insurer, may not join or contribute financially to any of the following in this state: a plan; a pool; an association; a guaranty fund; or an insolvency fund. A captive insurance company, the insured of a captive insurance company, the parent of a captive insurance company, an affiliate of a captive insurance company, a member organization of an association captive insurance company, or in the case of a captive insurance company organized as a reciprocal insurer, a subscriber of the captive insurance company, may not receive a benefit from: a plan; a pool; an association; a guaranty fund for claims arising out of the operations of the captive insurance company; or an insolvency fund for claims arising out of the operations of the captive insurance company.</p> <p>§§ 31A-37-401 to 31A-37-404 Provisions for protected cell sponsored captives.</p> <p>§§ 31A-37a-101 to 31A-37a-502 Provisions for special purpose financial captives.</p>

CAPTIVE INSURANCE COMPANY LAWS

	VERMONT (12/24)
Citation	Vt. Stat. Ann. tit. 8 §§ 6001 to 6048 <i>o</i>
Formation	<p>8 § 6006</p> <p>Subject to the approval of the commissioner, a captive insurance company may be formed as any type of entity permissible under state law. A captive shall have one or more incorporators or one or more organizers, at least one of which shall be a resident of this state. In the case of a captive insurance company: formed as a corporation, at least one of the members of the board of directors shall be a resident of this state; formed as a reciprocal insurer, at least one of the members of the subscribers' advisory committee shall be a resident of this state; formed as a limited liability company, at least one of the managers shall be a resident of this state.</p>
Minimum capital/surplus; letters of credit	<p>8 § 6004</p> <p>Each captive insurer shall possess and maintain unimpaired paid-in capital and surplus of not less than: for a pure captive insurer, \$250,000; for a sponsored captive insurer, \$100,000; for an association captive insurer or an industrial insured captive insurer, \$500,000; for an agency captive insurer, \$250,000 ; and for a risk retention group, \$1 million. Capital and surplus may be in the form of cash, marketable securities, a trust approved by the commissioner and of which the commissioner is the sole beneficiary, or an irrevocable letter of credit issued by a bank approved by the commissioner.</p>
Taxation	<p>8 § 6014</p> <p>Each captive insurer shall pay, on or before March 15 of each year, a tax at the rate of 38-hundredths of one percent on the first \$20 million; 285-thousandths of one percent on the next \$20 million; 19-hundredths of one percent on the next \$20 million; and 72-thousandths of one percent on each dollar thereafter on the direct premiums collected or contracted for on policies or contracts of insurance written by the captive insurance company during the year ending December 31 next preceding.</p> <p>On or before March 15 of each year, each captive shall also pay a tax at the rate of 214-thousandths on the first \$20 million of assumed reinsurance premium; 143-thousandths of one percent on the next \$20 million; 48-thousandths of one percent on the next \$20 million; and 24-thousandths of one percent of each dollar thereafter.</p> <p>The annual minimum aggregate tax is \$7,500, and the annual maximum aggregate tax is \$200,000. Annually, 13 percent of the premium tax revenues collected shall be transferred to the department of banking, insurance, securities, and health care administration for the regulation of captive insurance companies.</p>
Reports and statements	<p>8 § 6007</p> <p>Prior to March 1 of each year, and prior to March 15 of each year in the case of pure captive insurance companies, association captive insurance companies, sponsored captive insurance companies, industrial insured captive insurance companies, or agency captive insurance companies, each captive insurer shall submit to the commissioner a report of its financial condition, verified by oath of 2 of its executive officers.</p>

VERMONT (cont.)

CAPTIVE INSURANCE COMPANY LAWS

	VERMONT (cont.)
Legal Investments	<p>8 § 6010 Agency captive insurers, association captive insurers, sponsored captive insurers, protected cells in sponsored captive insurers, and risk retention groups shall comply with the investment requirements generally applicable to other insurers. No pure captive insurer or industrial insured captive insurer shall be subject to any restrictions on allowable investments, except that the commissioner may prohibit or limit any investment that threatens the solvency or liquidity of any such company. No pure captive insurer may make a loan to its parent company or affiliates without prior written approval of the commissioner, and any such loan or investment must be evidenced by documentation approved by the commissioner. Loans of minimum capital and surplus funds required by section 6004 of this title are prohibited.</p>
Miscellaneous	<p>8 § 6012 No captive insurer shall be required to join a rating organization.</p> <p>8 § 6013 No captive insurance company shall be permitted to join or contribute financially to any plan, pool, association, or guaranty or insolvency fund in this state, nor shall any such captive insurance company, or any insured or affiliate thereof, receive any benefit from any such plan, pool, association, or guaranty or insolvency fund for claims arising out of the operations of such captive insurance company.</p> <p>8 §§ 6031 to 6039 Provisions for protected cell sponsored captive insurers.</p> <p>8 §§ 6041 to 6047 Provisions for branch captive insurers.</p> <p>8 §§ 6048a to 6048o Provisions for special purpose financial insurers.</p>

CAPTIVE INSURANCE COMPANY LAWS

	VIRGIN ISLANDS (12/24)
Citation	22 V.I.C. §§ 6651 to 6675
Formation	<p>§ 6655 Special purpose financial captives may be established as a stock corporation, limited liability company, mutual, partnership, trust or other form of organization approved by the Superintendent of Alternative Markets (“SAM”). Must have no fewer than 3 incorporators or organizers with at least 2 being residents of the territory. At least one of the members of management must be a resident of the territory.</p>
Minimum capital/surplus; letters of credit	<p>§ 6656 A special purpose financial captive must maintain minimum capitalization of not less than \$250,000. The initial capital must be in cash and all other funds may be held in cash, cash equivalent, or securities invested as provided by statute.</p>
Taxation	<p>§ 6670 A special purpose financial captive shall pay, by April 15 of each year a tax at the rate of four tenths of one percent on the first \$20 million and three tenths of one percent on each dollar after the first \$20 million, subject to a minimum annual tax of \$5,000 and a maximum annual tax of \$75,000.</p> <p>In addition, by April 15, each captive shall pay a tax at the rate of two hundred and twenty five thousandths of one percent on the first \$20 million of assumed reinsurance premium, and one hundred fifty thousandths on the next \$20 million, and fifty thousandths of one percent on the next \$20 million, and twenty five thousandths of one percent of each dollar after that, subject to a minimum annual tax of \$5,000 and a maximum annual tax of \$75,000.</p>
Reports and statements	<p>§ 6667 Each special purpose financial captive shall file, by March first, a statement of operations. No later than 5 months after fiscal year end, the special purpose captive shall file an audit by a licensed certified public accounting firm of the financial statements and trust accounts.</p>
Legal Investments	<p>§ 6665 Assets of the special purpose captive must be held in cash and cash equivalents, securities listed by the Securities Valuation Office of the NAIC, or any other security acceptable to the SAM.</p>
Miscellaneous	<p>§ 6668 Confidentiality provisions.</p>

CAPTIVE INSURANCE COMPANY LAWS

	VIRGINIA (12/24)
Citation	Va. Code Ann. §§ 38.2-1100 to 38.2-1109
Formation	<p>§ 38.2-1104</p> <p>Captive insurers with or without shares of capital stock, shall be incorporated in accordance with commonwealth statute. The principal and home office of every captive insurer shall be in this Commonwealth.</p>
Minimum capital/surplus; letters of credit	<p>§§ 38.2-1028 to 38.2-1029; 38.2-1105 to 38.2-1106</p> <p>The captive insurer shall deposit the required minimum capital amount with the state treasurer in the form of cash, bonds, or securities, or an irrevocable letter of credit. A stock insurer must possess a paid-in capital of at least \$1 million and surplus of at least \$3 million. A mutual insurer must have a surplus of at least \$1.6 million. Stock insurers must hold the surplus in the form of an irrevocable letter of credit; mutual insurers may hold 50% of the surplus in an irrevocable letter of credit.</p>
Taxation	<p>§ 38.2-1108</p> <p>All captive insurers transacting business in this state shall pay a license tax applicable to certain insurers, except that taxes shall be paid on risks and property situated in any state which the captive insurer is not licensed and upon which no premium tax is otherwise paid or payable.</p>
Reports and statements	No provision.
Legal Investments	No provision.
Miscellaneous	<p>§ 38.2-1109</p> <p>Laws applying to other insurers writing the same classes of insurance that captive insurers are permitted to write, shall also apply to captive insurers.</p> <p>§ 38.2-1107</p> <p>No captive insurer shall be required to join a rating organization.</p>

CAPTIVE INSURANCE COMPANY LAWS

	WASHINGTON (12/24)
Citation	RCWA 48.201.010 to 48.201.060; 82.04.320; WAC §§ 284-201-110 to 284-201-300
Formation	RCWA 48.201.030; WAC 284-201-210 An entity acting as an eligible captive insurer must register with the commissioner within 120 days after first issuing a policy that covers Washington risks. An eligible captive insurer must have assets that exceed its liabilities by at least \$1 million, be in good standing in its jurisdiction of domicile, and pay a fee of \$2,500.
Minimum capital/surplus; letters of credit	No provision
Taxation	RCWA 48.201.040; WAC 284-201-240 On or before the first day of March of each year, a registered eligible captive insurer must remit to the state treasurer through the commissioner a tax in the amount of 2% on premiums for insurance directly procured by and provided to its parent or another affiliate for Washington risks during the preceding calendar year. Taxes on premiums may not be imposed on or collected from an eligible captive insurer affiliated with a public institution of higher education.
Reports and statements	No provision
Legal Investments	No provision
Miscellaneous	RCWA 48.201.030; WAC 284-201-230 Registered eligible captive insurers may only provide property and casualty insurance. RCWA 48.201.010 Created for private entities and public institutions of high education to manage risks through captive insurers. RCWA 82.04.320 Exempts public institutions of higher education from tax collection on premiums.

CAPTIVE INSURANCE COMPANY LAWS

	WEST VIRGINIA (12/24)
Citation	W. Va. Code §§ 33-31-1 to 33-31-25; 33-31A-1 to 33-31A-9
Formation	<p>§ 33-31-6</p> <p>A pure captive insurer may be incorporated as a stock insurer with its capital divided and held by the stockholders or as a nonprofit corporation. An association captive insurer or an industrial captive insurer may be incorporated as a stock insurer with its capital divided and held by the stockholders, incorporated as a mutual insurer without capital stock, or organized as a reciprocal insurer. A captive insurer shall have not less than 3 incorporators or 3 organizers and at least one shall be a resident of this state. At least one member of the board of directors or the subscribers' advisory committee shall be a resident of this state.</p>
Minimum capital/surplus; letters of credit	<p>§ 33-31-4</p> <p>Each captive insurer shall possess and maintain unimpaired paid-in capital of not less than: for a pure captive insurer, \$100,000; for an association captive, \$350,000; for an industrial insured captive insurer, \$250,000; for a risk retention group, \$500,000; and for a sponsored captive, \$250,000. Each captive insurer shall possess and maintain unimpaired paid-in surplus of not less than: for a pure captive insurer, \$150,000; for an association captive insurer, \$350,000; for an industrial insured captive insurer, \$250,000; for a risk retention group, \$500,000; and for a sponsored captive insurer, \$250,000. Capital and surplus may be in the form of cash or an irrevocable letter of credit issued by a bank chartered by West Virginia or member bank of the Federal Reserve System and approved by the commissioner.</p>
Taxation	<p>§ 33-31-14</p> <p>Each pure captive insurer that maintains its principal office and principal place of business in this state shall pay, in the month of February of each year, a tax at the rate of 0.5% on the gross amount of all premiums collected during the year ending December 31 except that no tax is due on annuity considerations. Other captive insurers pay a tax at the rate of 2%. The tax provided here shall constitute all taxes collectible from captive insurance companies and no other occupation tax or other taxes shall be levied or collected from any captive insurance company by the state, or any county, city or municipality within this state, except ad valorem taxes.</p>
Reports and statements	<p>§ 33-31-7</p> <p>On or before March 1 of each year, each captive insurance company shall submit to the commissioner a report of its financial condition, verified by oath of 2 of its executive officers. The commissioner shall specify the forms for reporting.</p>
Legal Investments	<p>§ 33-31-10</p> <p>An association captive insurance company and a risk retention group shall comply with the investment requirements applicable to insurers. No pure captive insurance company or industrial insured captive insurance company shall be subject to any restrictions on allowable investments, except that the commissioner may prohibit or limit any investment that threatens the solvency or liquidity of any such company. No pure captive insurance company may make a loan to or an investment in its parent company or affiliates without prior written approval of the commissioner, and any such loan or investment must be evidenced by documentation approved by the commissioner. Loans of required minimum capital and surplus funds are prohibited.</p>

WEST VIRGINIA (cont.)

CAPTIVE INSURANCE COMPANY LAWS

	WEST VIRGINIA (cont.)
Miscellaneous	<p>§ 33-31-12 No captive insurer may be required to join a rating organization.</p> <p>§ 33-31-13 No captive insurance company may be permitted to join or contribute financially to any plan, pool, association, or guaranty or insolvency fund in this state, nor may any captive insurance company, or any insured or affiliate thereof, receive any benefit from any such plan, pool, association, or guaranty or insolvency fund for claims arising out of the operations of such captive insurance company.</p> <p>§§ 33-31A-1 to 33-31A-9 Provisions for sponsored captive insurers and protected cells.</p>

CAPTIVE INSURANCE COMPANY LAWS

	WISCONSIN (12/24)
Citation	No provision
Formation	
Minimum capital/surplus; letters of credit	
Taxation	
Reports and statements	
Legal Investments	
Miscellaneous	

CAPTIVE INSURANCE COMPANY LAWS

	WYOMING (12/24)
Citation	No provision
Formation	
Minimum capital/surplus; letters of credit	
Taxation	
Reports and statements	
Legal Investments	
Miscellaneous	

This chart does not constitute a formal legal opinion by the NAIC staff on the provisions of state law and should not be relied upon as such. Every effort has been made to provide correct and accurate summaries to assist the reader in targeting useful information. For further details, the statutes and regulations cited should be consulted. The NAIC attempts to provide current information; however, readers should consult state law for additional adoption.